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Canada. War Expenditures + Economies
Special. Cttee on, 1946.

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(SESSION 1946
HOUSE OF COMMONS)

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(SPECIAL COMMITTEE

ON

WAR EXPENDITURES AND ECONOMIES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 1

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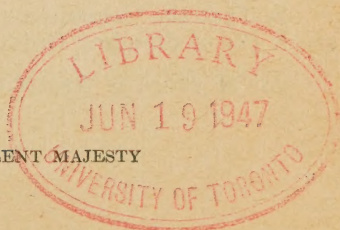
TUESDAY, MARCH 26, 1946

TUESDAY, APRIL 2, 1946

WITNESS:

Mr. J. H. Berry, President, War Assets Corporation.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1946





ORDERS OF REFERENCE

HOUSE OF COMMONS,

FRIDAY, 22nd March, 1946.

Resolved,—That a Select Committee be appointed to examine the expenditure defrayed out of moneys provided by Parliament for national defence and demobilization, and for other services directly connected with the war, including the disposal of surplus war assets, and to report what, if any, economies consistent with the execution of the policy, decided by the Government, may be effected therein, and that notwithstanding Standing Order 65 the Committee shall consist of twenty-five members, namely:—Messrs. Benidickson, Black (Cumberland), Bradette, Cleaver, Cote (Verdun), Dion (Lake St. John-Roberval), Golding, Homuth, Isnor, Jackman, Knowles, Lalonde, Macdonnell, Marier, Marquis, McGregor, McIlraith, McLure, Michaud, Probe, Reid, Shaw, Smith (Calgary West), Stewart (Winnipeg North), Winkler, with power to send for persons, papers and records; to examine witnesses, and to report from time to time to the House.

FRIDAY, 22nd March, 1946.

Ordered,—That the name of Mr. McCullough (Assiniboia) be substituted for that of Mr. Knowles on the said Committee.

Attest.

ARTHUR BEAUCHESNE,

Clerk of the House.

REPORT TO THE HOUSE

WEDNESDAY, March 27, 1946.

The Special Committee on War Expenditures and Economies begs leave to present the following as its

FIRST REPORT

Your Committee recommends:

1. That it be given leave to print from day to day 1,000 copies in English and 500 copies in French of its minutes of proceedings and evidence and that Standing Order 64 be suspended in relation thereto.

2. That the Committee's quorum be reduced from 13 to 10 and that paragraph (3) of Standing Order 65 be suspended in relation thereto.

All of which is respectfully submitted.

GORDON B. ISNOR,

Chairman.

MINUTES OF PROCEEDINGS

TUESDAY, March 26, 1946.

The Special Committee on War Expenditures and Economies met this day at 12 o'clock noon.

The following members were present: Messrs. Benidickson, Bradette, Cleaver, Coté (*Verdun*), Golding, Isnor, Jackman, Lalonde, Macdonnell, Marquis, Marier, McCullough (*Assiniboia*), McGregor, McIlraith, McLure, Michaud, Probe, Reid, Shaw, Stewart (*Winnipeg North*), Winkler,—21.

On motion of Mr. Golding, seconded by Mr. McLure, Mr. Isnor was elected Chairman.

Mr. Isnor took the chair and asked the Clerk to read the Order of reference.

On motion of Mr. Winkler, Mr. Coté (*Verdun*), was elected Vice-Chairman.

On motion of Mr. Shaw,

Resolved, That the Committee request permission to print from day to day, 1,000 copies in English and 500 copies in French of its minutes of proceedings and evidence.

On motion of Mr. McLure,

Resolved, That the House be requested to reduce the Committee's quorum from 13 to 10.

On motion of Mr. Cleaver,

Resolved, That a Steering Committee be appointed, to consist of the following members: The Chairman, Vice-Chairman and Messrs. Bradette, Jackman, McIlraith, McLure, Reid, Shaw and Stewart.

On motion of Mr. McIlraith,

Ordered, That all correspondence requiring the attention of the Committee, and all requests for inquiry into any specific matter, be first referred to the Steering Committee for study and report to the Main Committee.

The Committee agreed to resume its inquiry into the disposal of surplus war assets. Members expressed the opinion that evidence should be obtained with respect to equipment which has not yet been declared surplus to military requirement. This and other matters, including a proposed visit to the Montreal Head Office of War Assets Corporation, and the number of sittings to be held weekly, were referred to the Steering Committee for study and report to the Main Committee.

On motion of Mr. Golding, the Committee adjourned to the call of the Chair.

TUESDAY, April 2, 1946.

The Special Committee on War Expenditures and Economies met at 11.00 a.m., the Chairman, Mr. Isnor, presiding.

Members present: Messrs. Benidickson, Bradette, Cleaver, Cote (*Verdun*), Dion (*Lake St. John-Roberval*), Golding, Isnor, Jackman, Macdonnel, Marier, Marquis, McGregor, McIlraith, McLure, Michaud, Probe, Reid, Smith (*Calgary West*), Stewart (*Winnipeg North*), Winkler.

In attendance: Hon. C. D. Howe, Minister of Reconstruction; Mr. J. H. Berry, President, War Assets Corporation; Colonel William Gordon Denney, Director of Ordnance Services (Provision), Branch of the M.G.O., and Air Commodore R. A. London, Director of Equipment Supply, R.C.A.F.

The Clerk read the first Report of the Steering Committee as appears in this day's Minutes of Evidence.

On Motion of Mr. Smith, the said report was adopted.

With respect to paragraph 3 of the Steering Committee's report, the Chairman stated that he had already interviewed the Minister of National Defence for Army, Navy and Air, and that Colonel Denney and Air Commodore London were in attendance at this meeting.

Mr. D. M. Fleming, M.P., appeared before the Committee and was granted permission to make a statement. He referred to a question (No. 62) appearing in his name on the Orders of the Day of the House (April 1st), and stated that he had been referred to this Committee for an answer. It was agreed that this question, as well as questions Nos. 1 and 54 relating to War Assets Corporation and appearing on the same Order of the Day of April 1st, be referred to the Steering Committee.

(Questions above referred to are recorded in this day's Minutes of Evidence).

As suggested by the Chairman, it was agreed, that, in the future, members of the House who desired certain information from witnesses appearing before the Committee, should submit their questions to the Chairman or another member of the Committee for presentation to the Committee.

Mr. Berry was called. He read a brief on the operations of War Assets Corporation, and was examined.

Hon. Mr. Howe also addressed the Committee.

In the course of Mr. Berry's examination, Mr. Probe moved: "That the Committee recommend that all material suitable for visual education, namely, motion picture projectors, be withheld by War Assets Corporation from the commercial market until offered for sale to Provincial Boards of Education at 10 per cent of its value, and further that all such material be made available to such Boards in quantities proportional to the approximate population of the provinces."

Some members expressed the opinion that the said motion could not be entertained under the terms of the Committee's Reference, and Mr. Probe agreed to withdraw the motion with the understanding that it would be referred to the Steering Committee.

At 1.00 o'clock witness retired, and the Committee adjourned until Thursday, April 4, at 11.00 a.m.

R. ARSENAULT,

Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

April 2, 1946.

The Special Committee on War Expenditures and Economies met this day at 11.00 o'clock a.m. The Chairman, Mr. Gordon B. Isnor, presided.

The CHAIRMAN: As the first order of business I am going to ask the clerk to read the report from the steering committee. Immediately following our regular main meeting last week I called a meeting of the steering committee, and they are presenting a report which I propose to place before you.

The Clerk:

Your steering committee begs leave to present its first report.

It is recommended:

1. That the main committee hold three sittings a week, when possible, on such days as the chairman may decide, depending on the availability of witnesses to be heard.

2. That Mr. J. H. Berry, President of War Assets Corporation, be the first witness to appear at the committee's sitting of this date, April 2nd.

3. That the chairman be authorized to contact the ministers of National Defence with a view to securing the attendance of the proper officers to give evidence on military equipment not declared surplus to military requirements.

4. That arrangements be made for members of the main committee to visit the head office of War Assets Corporation in Montreal, and that the House be requested to grant the committee leave to adjourn from place to place.

All of which is respectfully submitted.

GORDON B. ISNOR,

Chairman.

The CHAIRMAN: Gentlemen, you have heard the reading of this report. What is your pleasure?

Mr. REID: I could not attend the steering committee meeting. May I ask the reasons for suggesting that the committee visit the head office? What is to be seen particularly at the head office?

The CHAIRMAN: It was suggested that the members would have a better idea as to the working arrangements and the machinery as carried on by War Assets Corporation. That is not, of course, absolutely necessary, but if the main committee deems it wise to make such a visit then we will have the authority. That is the purpose of the recommendation to the House.

Mr. JACKMAN: I do not know whether it is your intention to include it or omit it but we did discuss at the end of the steering committee meeting that the first subject we would take up would be the disposal of the Park Steamships and any warships which were considered surplus to our navy. As I recall, we felt it would be well to go into one of the smaller subjects like that in order to feel our way about and to make sure that the mistakes we made or the time we would waste would be on a small subject and we would learn our lesson

quickly before we went into a larger subject and the more time taking aspects of our work. Did you want to include that in the steering committee report?

The CHAIRMAN: You are quite right. It was discussed but there was no action taken in regard to including that in our report, as I recall it. Is that right?

The CLERK: Yes.

The CHAIRMAN: So a motion to accept the report is in order.

Mr. SMITH: I will move it.

Mr. MARQUIS: I will second that.

The CHAIRMAN: Moved by Mr. Smith, seconded by Mr. Marquis, that the report as presented be accepted. All in favour?—(Carried).

Mr. Berry, would you take the stand? I might report that I interviewed the Ministers of National Defence for navy, army and air, and Mr. Abbott has requested that Colonel W. J. Denney appear I think perhaps today more in the role of an observer. Air Commodore R. A. London is also in attendance.

Mr. GOLDING: Just before you proceed, Mr. Fleming is here. He would like to ask a question. Maybe that could be done better before Mr. Berry commences.

The CHAIRMAN: That is my next observation. I was also going to report that Mr. Fleming interviewed me and asked permission to appear before the committee and to follow up the question as placed by him on the order paper of the House. You are all familiar as to the answer given by the Minister of Reconstruction, Mr. Howe, yesterday, that Mr. Fleming would have the opportunity of asking the question before this committee. I have given this matter some thought, gentlemen, and I am just offering this to you as a suggestion, not as a ruling. I am going to suggest to you that you give Mr. Fleming an opportunity at once to place his questions on file here with a view to having them answered, but in the future I am going to suggest that other members of parliament who are not members of this committee should pass along their questions either to the chairman or to another member whom they may select to place them before the committee. I think that in fairness to the members of this particular committee, Mr. Fleming and others should follow that suggestion so as to give our own members an equal opportunity to have questions answered which they have in mind and have had in mind for some time. There are some questions that Mr. Probe, Mr. Stewart and Mr. Shaw had before the committee last year that have not as yet been dealt with. I feel in fairness to them that my suggestion should be followed. Is it your pleasure that we hear Mr. Fleming today with that understanding as to future members? (Carried).

Mr. FLEMING: Mr. Chairman and members of the committee, I should like to thank you for your courtesy in hearing me. I assure you I will be brief. I am here before you this morning personally because I am anxious to follow scrupulously the procedure indicated by the minister yesterday when he declined to answer the questions. These questions, which appear on yesterday's order paper as number 62 and are somewhat lengthy and numerous, relate to the disposal of the different parts of the plant and equipment of Research Enterprises Limited at Lease. Some of the questions do not relate merely to disposal, and it was on that ground yesterday that I urged the minister to answer the questions there because some of them, for instance, relate to the previous boards and officers of Research Enterprises Limited, not merely to questions of disposal, but the minister indicated that the proper procedure which ought to be followed was that I should come before the committee and ask the question here, that this was the place to get the information.

In view of the minister's remarks yesterday, and in my anxiety to get information that seemed to me to be very important and essential to the public interest, I am appearing before your committee and respectfully requesting

that the committee give the necessary directions to supply answers to these questions. The questions have been very carefully drawn with a view to eliciting information which I think is clearly in the public interest.

The CHAIRMAN: Thank you, Mr. Fleming. I think it should be clearly understood by the members of this committee as well as members in general of the House that this committee decides on its own policy. I do not propose to have any minister, no matter who he is, tell us that we shall hear this or that member or give preference to any particular subject. I say that very kindly but I believe I have the support of the committee in that respect.

Mr. REID: As a matter of fact, I am glad you mentioned that matter because I for one disagree with the minister's statement. I think members of this House of Commons will remember that the question was asked of the government at the opening of the session if members would be precluded from asking questions if a committee were sitting. It is the prerogative of any member of parliament to ask any question, Mr. Howe notwithstanding. I do not think any committee should have the onus thrown to it of answering questions which are denied in the House of Commons. The House of Commons should carry its own battle and we will carry ours.

Mr. McILRAITH: Mr. Chairman, I think that hon. members should read that question. I do not know how many reasons there are why it is an improper question in the House of Commons. First of all a great number of subdivisions of the question relate exclusively to government policy, are wholly improper and should never have been permitted to get on the order paper. The hon. member apparently did not make any inquiries of the department but I would assume the main point that he is seeking is the cost of Research Enterprises and the disposal made of it. I can only conjecture on that after reading the question, but certainly it covers a great many other side issues. I should like to see an attempt made to get the questions together that do pertain properly to the subject matter before this committee, that is, economies and war expenditures, and have those revised. Then if there are any other parts to the question of course they can easily go on the order paper. There is no doubt about that.

I want to point out to hon. members there are over 100 subdivisions to that question.

Mr. REID: If I may be allowed to answer...

Mr. McILRAITH: Just a moment until I make my point. The big part of them comes squarely within the item of war expenditures on a Crown-owned plant, and the disposal of that plant, directly within the reference. It is quite true there are other parts that do not come within that reference. For instance:—

What type of work and operation will be carried on by Canadian Arsenals Limited?

What products will they manufacture?

Obviously that does not come within the scope of this committee at all. I would think it is a question now of redrafting or picking out the parts of question 62 on yesterday's order paper that are proper subject matter for the committee and then the committee can decide what they will do with them, but to leave the question in that form is going to tie up staffs in the department indefinitely getting material that may or not be what the committee and the hon. member want. I do not think it was quite appreciated yesterday just how long that question is and how detailed. It involves for instance, accounting work in breaking down the costs of each separate building although the buildings may have been sold in a group and built in a group and the costs would be quite complete on the units built together and sold together. I ask hon. members

to read the question a little carefully before dealing with it in the blanket way in which it is being dealt with at the moment. I take it that a great part of it is information which should come from this committee.

Mr. REID: If I may be allowed to answer what has been said it may be very true that there may be questions there that could not be answered for certain reasons but we as a committee should not have it thrown to us. There is a precedent being set in the House of Commons that we should not allow to pass, that is, because the committee is sitting a member is to be denied an answer to his questions which is contrary to the rule of the House of Commons, and I am objecting to answering it here. If the minister finds objection to the question for the reasons mentioned he should state it, and he should not hide behind this committee and say that just because the committee is sitting all these questions cannot be answered. That is what I am objecting to. I am objecting to the principle, and I object to the question of Mr. Fleming being answered by this committee. It should be answered in the House of Commons.

The CHAIRMAN: Well, Mr. Reid, I think we have already decided to have Mr. Fleming present his question. I think in fairness to Mr. Fleming that we should ask that question 62 as recorded on Monday, April 1, in Routine Proceedings and Orders of the Day be included in our record for discussion at a later date before this committee.

No. 62—*Mr. Fleming*

March 29—1. In the case of each of the buildings at the wartime Research Enterprises Limited plant at Leaside, Ontario,

(a) What was the cost of, (1) constructing or otherwise acquiring; (2) equipping the same?

(b) What disposal has since been made thereof?

(c) What were the terms of disposal, including, (1) price of buildings; (2) price of equipment; (3) undertakings as to employment of former employees of Research Enterprises Limited, and the number thereof; (4) recognition of collective bargaining agreement between the Research Enterprises Limited and Local 1039 of United Steel Workers of America; (5) date of delivery of possession; (6) name of purchaser or party otherwise acquiring?

2. (a) What other offers were received for such plant and equipment in each case?

(b) What other efforts were made to interest similar or comparable industries to purchase or acquire the said buildings in each case?

(c) What efforts were made in each case to obtain better terms as to employment of former employees of Research Enterprises Limited, maintenance of wage rates and recognition of the existing collective bargaining agreement?

3. (a) Who have been or are members of the Board of Directors of Research Enterprises Limited, and for what terms have they served or been appointed?

(b) Who are the present officers, and who were formerly the officers of Research Enterprises Limited?

4. In the case of all corporations which have acquired any of the said buildings and equipment, who are,

(a) The directors?

(b) Officers?

(c) Solicitors who acted for them in the purchase or acquisition?

5. In the case of how many of the said buildings has possession been taken by the purchaser or party otherwise acquiring the same, and on what dates?

6. (a) What buildings and equipment still remain in the ownership of Research Enterprises Limited?

(b) What use or disposal thereof is intended?

(c) If disposal is intended, to whom, and on what terms?

7. (a) How much space will be used and occupied by Canadian Arsenals Limited?

(b) How many employees of Research Enterprises Limited will be continued in the employment of Canadian Arsenals Limited?

(c) Will the collective bargaining agreement between Research Enterprises Limited and Local 1039 of the United Steel Workers of America be recognized and enforced by Canadian Arsenals Limited?

(d) What type of work and operation will be carried on by Canadian Arsenals Limited?

(e) What products will they manufacture?

(f) On what date will Canadian Arsenals Limited take over, or on what date have they taken over, possession of plant or equipment from Research Enterprises Limited?

8. Have government orders for Radar or optical instruments been placed with private industry?

9. (a) Where will Turbo Research Company be located?

(b) On what operations will it be engaged?

10. (a) Has the Government of the United Kingdom placed any orders for Radar equipment since V-J Day with Research Enterprises Limited?

(b) Has the Government of the United Kingdom intimated a willingness to place such orders, if suitable financing can be arranged?

Mr. MCGREGOR: Mr. Chairman—

The CHAIRMAN: May I just make one other observation. During the dying days of last session this committee was accused of not giving information, whether rightly or wrongly—and I think wrongly—that was asked for. I want to make sure that the same thing cannot be stated in the future. I want to give the widest possible scope to all members of this committee and the House to ask any manner of questions. If we are not in a position to answer them, and the witness does not feel he is able to do so because of the policy of the government then he can very well say so, but in the meantime unless you decide otherwise it is going to be wide open as far as I am concerned.

Mr. MCGREGOR: I do not think that the chairman has very much ground for saying that all questions were answered.

The CHAIRMAN: I did not say that. Let us get away to a fair start. I said that there was criticism in the closing hours of the last session that information was not supplied. All information possible was supplied in the time at our disposal. Members who did not attend or only came here once or twice and asked questions and then did not make an appearance should not accuse us of such actions as they have done.

Mr. MCGREGOR: I think the information was supplied but there was no time to ask any questions. I think that is a fair statement to make.

The CHAIRMAN: That is right.

Mr. MCGREGOR: As far as Mr. Fleming is concerned, Mr. Fleming was denied the answers yesterday by the House of Commons through Mr. Howe. Then we come in here today and start to wiggle around and say "which part is he going to answer? Is he going to answer this part or that part," and so on down the line? I think Mr. Fleming is entitled to have his questions

answered as they are on the order paper. The government has refused to answer that question and has sent Mr. Fleming to this committee to get the answer. I think Mr. Fleming is entitled to an answer.

Mr. MARQUIS: I think Mr. Fleming is entitled to have an answer on the points as to which the officials can give information, but on the other matters if the officials of the War Assets Corporation are not able to give the information Mr. Fleming should be kind enough to put the balance of his question on the order paper so as to have an answer from the minister in the House of Commons.

Mr. COTE: I think this whole discussion is out of order. Mr. Fleming has been allowed to place his request before the committee. That is well. No discussion should be allowed on this request until it has been referred to the steering committee. The steering committee is the group of members of the main committee which is authorized to determine the procedure of the main committee. It should rest in the hands of the steering committee to decide what the procedure will be as to this request of Mr. Fleming.

Mr. PROBE: In that regard will you include the question which was asked by Mr. Castleden yesterday, No. 1? I can see that many of these questions cannot be answered orally. In the case of question No. 1, for example, there is no doubt that it would require a fairly voluminous report by the sales branch of the War Assets Corporation. Answering Mr. McIlraith it may be that the minister does not need to divulge to the House matters of government policy. That is quite within his prerogative, but when it becomes a matter of War Assets Corporation policy we are entitled to know what the policy of War Assets Corporation is. Therefore we have almost a better lever by virtue of the fact that those questions were referred to War Assets Corporation. I am sorry they were not answered in the House but at the same time if we are going to get the answers in the proceedings of the committee I am quite satisfied.

The CHAIRMAN: We will include question No. 1 and you will sponsor it, Mr. Probe?

Mr. PROBE: Yes.

No. 1—*Mr. Castleden*

March 14—1. What persons or companies, if any, have been paid or allowed commission by surplus War Assets Corporation on sales or exchange of goods by that corporation?

2. What is the amount of commission to each person or company?

The CHAIRMAN: Gentlemen, are you ready for Mr. Berry?

Mr. McILRAITH: There is one other question which some other member asked. It should be included, too.

Mr. JACKMAN: Fifty-four.

Mr. PROBE: That is right.

Mr. GOLDING: Mr. Chairman, just before you proceed—

The CHAIRMAN: Just a minute until I make sure of No. 54. Mr. Jackman, will you sponsor No. 54?

Mr. JACKMAN: Yes, I will sponsor No. 54.

No. 54—*Mr. Fraser*

March 28—1. What machine tools, equipment, motion picture projectors, typewriters, hand-tools and other material suitable for vocational training and educational instruction have been sold, or turned over by the War Assets Corporation to educational bodies in Canada?

2. What is the value of such goods sold, or given, to these bodies according to each province?

Mr. GOLDING: Mr. Chairman, before we proceed with Mr. Berry we ought to again draw the attention of members to the arrangement that was made and agreed on by the members of the committee that anyone requesting information or any details in connection with any of the transactions of the War Assets Corporation should submit their questions to the steering committee. That was agreed upon by all the members of the committee. We can save a lot of controversy here if that policy is followed. I am sure that everybody will get all the information that can be given.

The CHAIRMAN: Thank you, Mr. Fleming.

Mr. FLEMING: Thank you, Mr. Chairman.

J. H. BERRY, President, War Assets Corporation, called.

The CHAIRMAN: Gentlemen, if you have your copies of the brief I am now going to call on Mr. J. H. Berry, President of War Assets Corporation to present the same. Before doing so I would like to say that last year I did not extend thanks to Mr. Berry. I feel in view of the very thorough and complete reports which he presented to this committee, along with the criticism that has been offered that information could not be obtained from War Assets Corporation, that it should be known that he, as far as was requested, covered the subjects and questions quite fully. As far as I know he gave us full information on all questions that we asked. I think it is only fair to Mr. Berry to make that statement before asking him to proceed.

The WITNESS: Thank you, Mr. Chairman.

Mr. Chairman, Gentlemen: Last November we presented briefs to a Special Committee on War Expenditures and Economies. The last paragraph of my own brief stated "The Corporation is endeavouring to fulfill what it is called on to do in accordance with the directions it has received. When the present reorganization is complete, I am hopeful that the efficiency of its operations will be materially increased."

As will be seen by the figures I will quote later, I am pleased to be able to say that the Corporation has made very substantial progress. I do not think we are yet at our maximum rate of disposal. Every effort has been made to forecast the time at which we will reach our peak and the volume the peak will represent, but so far it has not been possible to ascertain the surplus that will reach us either as to volume or time.

The organization that is now in existence is capable of being expanded or reduced very quickly, without alteration to its fundamental structure, so that we are in a position to control the size of our organization in accordance with the surplus that reaches us. We are now well on the way to completing standard procedures and policies in written form so that present members of our organization may know what to do in any normal given circumstance, and so that new staff, as they join the Corporation, may play their part with a minimum of apprenticeship. These procedures and policies play a most important part in our organization as we are dependent on them to provide uniformity of treatment in the disposal of the many types of surplus handled through branches scattered across the Dominion. We are asked from time to time to make serious exceptions to our procedures and policies, but except for very few instances, we are not able to agree, due to the size of our organization and the rate at which our operations are currently going.

Last year we experienced difficulty in getting senior men for the Corporation. I am happy to say that this difficulty has been surmounted in the main, but we still experience some difficulty as we are not able to forecast the period over which employment will last.

Dealing first with merchandising gross sales by the Corporation from the start of operations to December 31, 1944, amounted to \$4,664,332.32. Gross sales for the first quarter of 1945 totalled \$4,842,795.42, for the second quarter \$8,084,923.11. for the third quarter \$16,586,893.73. for the fourth quarter, \$26,604,412.16. Then in 1946 January gross sales amounted in \$14,475,949.75, February totalled \$16,331,943.54, and for the month of March preliminary figures indicate that the volume for that month will be over \$22,000,000. Using the March preliminary figure it will be seen that during the past fiscal year the Corporation's gross sales have totalled well over \$100,000,000.

General sales policies have not changed during the past few months since my last report. Wherever possible we place ourselves in the position of the manufacturer of the goods we have to dispose of, and route them to the retail purchaser through the channels the manufacturer usually employs in his commercial operations. The nine cardinal points first stated by the Minister of Reconstruction and Supply in October 1944, and repeated many times since that date, are still in effect and are the control points in our sales policies. I think I should add, that day by day it becomes more apparent to officers of the corporation and to me, that the policy of not entering into retail business is the correct policy for the work we have to do on behalf of our eleven million shareholders.

Priorities as established in favour of the federal government, provincial governments, municipalities and public bodies still present the greatest obstacle to attaining the maximum speed of disposal and we are continuing working on the existing scheme and procedure in an effort to simplify and speed up: The speed of disposal is of paramount importance for two fundamental reasons, one, the necessity of making suitable surplus available to the user, while supplies are short, so that it can be of use during the reconstruction period, and two, the necessity of avoiding competition between employment in the making of new merchandise and the sale of surplus. While we have quite a number of headaches, I think I might describe priorities as our number one pain.

Organization: As was forecast in my November report, the policy of decentralization of sales has been put into effect, and while it is not yet 100 per cent operative, the volume of sales now being effected indicates the value of such a policy to the corporation.

Price: The policy as regards price fixing has not been changed. The going market price at which sales are made is established

- (a) by reference to the Wartime Prices and Trade Board
- (b) by consultation with the trade concerned
- (c) by appraisal, using in most cases, outside valuers
- (d) by calling for tenders
- (e) by advertising and inviting bids.

The prime adjunct to the merchandising department of the corporation is the supply department which started its operations in October 1945. The main functions of supply are to (1) accept custody of surplus from the declaring departments (2) prepare an inventory of the surplus in such a form that the merchandising department knows what there is to be sold (3) safeguard the surplus (4) ship the surplus to purchasers on instructions received from the merchandising people.

In addition to this, they perform any reworking operations necessary, any demolition called for and generally perform what might be called productive operations, leaving the merchandising people with the job of selling only. This department, as I said, was established in October 1945 and since then it has

grown up to employ 3,586 people as at February 28, 1946, excluding guards. The guards are supplied by the corps of commissionaires thus providing direct employment for veterans.

The supply department, in conjunction with the merchandising department, was faced last year with a particularly difficult task of superimposing a new system of handling surplus on top of an already existing procedure without stopping operations and sales. I am pleased to say that this difficult task has been accomplished, and the old system has recently been withdrawn and entirely replaced during a period in which sales have increased tremendously rather than diminished, as was feared might be the case.

The lands and buildings department which as a specialized operation is a separate entity from the merchandising department, has been expanded to take care of all buildings and land reported as surplus to the corporation. Operations are being conducted within this department in conjunction with officers of the Department of Reconstruction and Supply and other interested government departments so that industrial properties, and buildings capable of use for housing, are sold or used to the best advantage.

Other divisions or departments of the corporation, the comptroller, secretary, publicity, organization, personnel, overseas operations, and export have been built up during the past few months, and have kept pace with the development of our operations.

When I appeared before the Special Committee on War Expenditures and Economies, appointed during the last sitting of the House, I spoke of what the corporation would accomplish. I believe I can truthfully say that, not only have we done what we forecast—and we set ourselves a tough objective—we have done more. I remember mentioning a sales target of \$10,000,000 per month and a payroll of 4,000 people. Latest figures show a sales volume of over \$20,000,000 per month and a payroll of 5,053 plus 574 guards. Included in the payroll of 5,053 are 3,488 males, and of this total 45.8 per cent are veterans.

The CHAIRMAN: Thank you, Mr. Berry. Gentlemen, the witness is yours.

By Mr. Stewart:

Q. I would like to ask Mr. Berry a question arising out of the operations of the supply department. One of the functions of this department is to prepare an inventory of surplus in such form that merchandising will know properly what is to be sold. When the supply department go into a plant how do they proceed to put equipment into the various categories? In other words are they able to categorize everything quite adequately or is there a mass of stuff which it is not possible to put into any given category?—A. We have prepared and are just issuing a complete booklet—I think it will be about this thick (indicating an inch or more)—it is very closely written, and it describes every category in which all this stuff might fall. I will be able to present you with a copy of it when we have it printed. It may be a matter of a week or so before it would be printed. That would be the guide for the supply department to categorize all materials.

Q. I asked that question because so many of us have received requests from educational organizations to do the best we can for them to see they get a definite list of materials from War Assets. I am very sympathetic to that idea, and I would like to know what chance the various departments interested have of going into a building and checking up on just what they want. Will they have any particular priority on material when we get this particular item, whatever it may be; are they given any chance like that; or, is the surplus just stored or something of that sort?—A. The procedure, this is not yet fully developed, is operating in conjunction with the supply department, and under this procedure the supply department, segregate those items which are not

commercially salable in their present form. They put those to one side as they are clearing the plant and they invite representatives of the educational people to come in and look at that to see what they would like. A large volume of stuff is passed out in that way.

Q. But you said, that which is not commercially salable?—A. That is the only thing we can allow out on indefinite loan, the items which are not commercially saleable.

Q. Is that in some cases material approaching scrap?—A. No, I do not think so. For instance it is possible that part of an aeroplane engine would not be commercially saleable in its present form but might be allowed out on indefinite loan for educational purposes.

Q. What about equipment such as typewriters?—A. That is commercially saleable.

Q. All of it?—A. Yes, I am afraid so.

Q. And, as Mr. Probe says, moving picture projectors?—A. Those are commercially saleable.

Q. So that all material that is commercially saleable is not available to departments of education?—A. I beg your pardon?

Q. So that all material that is not commercially saleable is available to departments of education, but anything which is commercially saleable is not so available?—A. Not on the indefinite loan basis. It is available at the sale price, at the going market price, in accordance with the priorities on which we are working. It is not available on indefinite loan.

By Mr. Probe:

Q. How many projectors have you declared surplus?—A. I would have to guess on the answer to that one. I would say it does not run into double figures. I would have to check that up. I am purely guessing, from conversations which I have heard.

Mr. STEWART: There is one other point I would like to make, this perhaps is not a proper matter for the witness; but it seems to be the purpose of War Assets Corporation to sell everything possible. I think that a great deal of social advantage could be derived if this policy were changed so that educational authorities could get materials which the Corporation has for sale. I think that we have to look at the disposal of these assets not only from a point of view of dollars and cents but also from the point of view of social benefits which will accrue to Canada through the disposal of these assets.

By Mr. Reid:

Q. I see according to page three of your brief that a policy of decentralization of sales has been put into effect. I have a question in connection with that, and it is this: in British Columbia you have a local office for the disposal of surplus war property at the present time, but a great deal of the surplus war material in British Columbia is being handled through your central office in Montreal. When will the policy be changed in regard to the purchase of fishing boats, particularly? You have competent local men in charge of that end of it in British Columbia. Why should not the people in British Columbia have in their own hands this question of the selling of fishing boats? Why should they be singled out to come under the jurisdiction and sale of the Montreal office?—A. There are I believe three exceptions, three main exceptions, to our decentralization policy. One is ships, irrespective of where they are, and irrespective of whether they are fishing boats or tugs, or large ships; another is real estate; and another one is aircraft and aircraft parts. We may find it possible at a later date to decentralize those types of operations as well, we have not found it possible so to do as yet.

Q. I would also like to draw the attention of the Committee, and your attention too, Mr. Berry, to something that may be legitimate. But why should an ex-service man, and there are many who are anxious to buy fishing boats which are being declared surplus to government requirements, be obliged to go to the head office at Montreal where they are disposed of. It means that large companies may be able to buy the stuff in groups, having the finances at their disposal, to the detriment of the ex-service man, particularly the ex-service man who is a fisherman; that I think is one of the things that should be corrected. My other question is this; is their any cooperation at all between the various military departments and your own department in regard to war assets? What I have in mind is this, as it applies particularly to British Columbia, the air force have for months been concentrating all sorts of supplies and equipment in the hangars of the air field at Boundary Bay. I have visited there and I have seen thousands of chairs, thousands of desks, thousands of this and thousands of that. Has any check been made by your department? On making enquiries they told me that this whole airdrome is being filled up with hundreds of thousands of articles which probably would eventually be sold, they may be sold by now; would be turned over to your department. I have not made any check on that, or know how you would make a check on it? And, how long it would take your department to make such a check on the quantities of material which are being sorted there. In putting my question I am not in any way holding your organization to blame, but is your department consulted in any way by the military authorities? In my opinion you should have a man in there checking these articles off as they come in by the truck load. I do not suppose your officials would be prepared to accept a statement handed to you by each of these departments, you might be willing to. I would like a brief explanation of that, if you will?—A. I would like to say that the corporation of which I am the president has received every assistance from the other government departments and the armed services. I have no particular knowledge of the Boundary Bay operations.

Q. I know, but what I have in mind is this; I cannot see how you can make a check on all those articles, they are so numerous. I saw thousands of desks, thousands of tables, thousands of chairs, thousands and thousands of different things in the area. They have all been assembled and stored there and it is going to take months and months to check them, while people badly in need of articles of this kind are going to have to wait. They go to War Assets and they are told, these things have not been turned over to us. And they are badly needed. I was wondering how long it would take your officials to check up on all that vast quantity of materials; or, will you accept a statement, an inventory, given to you by the air force or other military authorities concerned; and if it were necessary for your organization to check up on the inventory, how long it would take you to make such a check before you would be in a position to dispose of the material?—A. I must again repeat my statement, that we are getting wonderful cooperation from the armed services; I have no particular knowledge of the arrangement at Boundary Bay.

Q. Then it is time you did.—A. I could find out about it.

Q. It is time you were looking into it because they are hauling these things there from all over the country and storing it in the airdrome buildings. People can't get hold of these articles. Instead of disposing of the materials at the local camps, at the points where they were in use, they are hauling everything in there and it is going to take a considerable time to get it inventoried because they have been bringing it in there for three months or more.

Mr. PROBE: Mr. Chairman, we could get that from the departmental officers.

Mr. MARQUIS: There is one point about which I would like to ask a question: if War Assets receive an application from an individual institution requesting some article for educational purposes, is it the policy of War Assets to declare

such articles not commercial, and in that way put them at the disposal of these institutions where such articles can be used for educational purposes?—A. Unless the articles are considered by officers of the corporation as being commercially unsaleable, they are not put into that category for a particular purpose.

Q. How does the educational institution know that certain articles can be procured for educational purposes, are they supplied with a list, or is it published somewhere?—A. They are advised from time to time. I have a special officer in the corporation whose duty it is to get in touch with them. He has a contact point in each province and in some cities whom he advises when the stuff is coming up and asks them if they want to get it.

Q. Do you consider as educational institutions schools, seminaries and institutions of that type?—A. Any educational institution.

Q. But they have to make application for it?—A. Yes, as a matter of practice. As I said, we have a special officer whose duty it is to get in touch with them. That is done in some cases, in other cases they approach us.

By Mr. Stewart:

Q. Might I put a specific instance to you, let us say that a typewriter, that a damaged typewriter were the article. What happens to that? Can an educational institution buy that damaged typewriter and have it repaired at its own expense for use in its schools?—A. Providing all other senior priorities have been taken care of, yes.

Q. What sort of priorities?—A. Senior priorities, the federal government, the provincial government and municipalities. The educational institution would have to qualify of course as a public body.

Mr. PROBE: I have prepared a number of questions for Mr. Berry, some of which we might just take as a notice. First of all would Mr. Berry make a statement as to the negotiations which have been carried on between the department of veterans affairs and his corporation dealing with the disposition of motor vehicles, new and used, or other equipment useful for the purpose of re-establishment. This is the outcome of his report to the veterans affairs committee.

The CHAIRMAN: I think you have that on record now in the other committee.

Mr. McILRAITH: Does that come in here?

Mr. PROBE: I thought it could be included in the report of this committee.

The CHAIRMAN: Yes.

By Mr. Probe:

Q. Then, second, I think we might indicate here at this time what is the set up of the special sales branch, or the special sales department.—A. I might answer that one now, if you wish?

Q. Yes?—A. The special sales branch in Ottawa was formed to provide a medium to take a self-contained parcel of stuff which came in as a parcel to us on one report of surplus and for which a buyer existed as a parcel. This is the way they operate: they take this whole parcel of equipment and they apply the prices the pricing and distribution people fixed as the price of the various component parts, depending on the inventory.

Q. Who is in charge of that?—A. Brigadier N. O. Carr. Where a sale is made in one parcel it saves a multitude of paper work, and it is an advantage where something can be tied up as a whole and sold as a whole.

Q. Has the special sales division the same price formula for the same type of goods as the Montreal sales division?—A. I just said they have the price fixed, they apply to the Pricing and Distribution Division, in Montreal, to fix the sale price. The same policy exactly applies.

Q. Does the department of Labour for Canadian vocational training purchase from the special sales division, or do they buy from Montreal office; and if so, on what terms?—A. They make purchases from the special sales division and it is done in this way. It was agreed in view of the urgency of getting these tools into the hands of the Department of Labour, that we would have their inspector go into the plant concurrently with our supply people, and by the exercise of their priority they would have whatever they required put to one side right at the time. It would be inventoried separately and a separate statement prepared by the supply people, and delivery would be taken at that time by the department of labour. The department would file an availability report, as we call it, through the supplies department with the special sales department at Ottawa; and we have applied an agreed pricing formula to all that to avoid considerable detail and also to speed the thing up in view of the urgency of the situation.

Q. And the pricing formula is, what?—A. The pricing formula is $33\frac{1}{3}$ per cent of the original cost, which is about the average we should get for the whole run of that type of equipment.

Q. To what type of consumers is the special sales division available?—A. They are limited pretty generally by the overall policy of the corporation, that we do not sell at retail. Most of their operations are confined to manufacturers who buy parcels of stuff, items like the department of labour which I just quoted; generally blocks of that type. The same policy of not selling at retail applies throughout the special sales office.

Q. Now, included in that you have new vehicles—you see I am working back to my original question?—A. Yes.

Q. And I take it that there are no new vehicles disposed of by the War Assets Corporation except in accordance with the original manufacturers arrangement; is that right?—A. No, that is not strictly correct. You understand that I have to speak generally because we are handling a volume of \$20,000,000 a month, and it may be that there are individual cases which would prove an exception.

Q. But, as a general policy?—A. But there is a general rule which I can apply here. New vehicles are sold through the special sales branch in Ottawa in accordance with the policy laid down by the corporation when they are passed for distribution. In accordance with a pattern laid down by the original manufacturer they do not of necessity go back to the original manufacturer at all. He recommends that the distribution should be made and that distribution is in accordance with the pattern that was established by him on the basis of vehicle population—I think it started in 1940 sometime.

Q. Now then, was that policy evolved since War Assets Corporation came into being, or was that part of the original agreement between the department of munitions and supply and the manufacturer whereby the department of munitions and supply?—A. That has been evolved by War Assets Corporation itself since I have been its president.

Q. And I suppose that through negotiations that policy might be changed, there are no strings as far as the manufacturer of the vehicle is concerned?—A. No. I might add that the special sales branch have also negotiated sales of new vehicles for export.

Q. Yesterday in the House of Commons there was a statement made saying in general that the War Assets Corporation did not sell for export to the United States and that the United States surplus corporation, whatever it is called, did not sell for export to Canada; that there was an agreement between the two corporations, not a matter of government policy but rather a matter between corporations?—A. That is a gentlemen's agreement, one might call it, between the Surplus Sales Agency in the United States and the War Assets Corporation here.

Q. That applies?—A. We have agreed that we will not sell into the United States unless their disposal agency says they have no objection. They in turn have agreed they will not sell directly into Canada unless we in turn say we have no objection.

Q. You would object if they started flooding the Canadian market?—A. Yes, if the government agency itself were selling it here we would object, but they would not do that. If sales were made in the United States say by some branch of the government, to some private individual and if that private individual proceeds to dispose of it in Canada, I have no jurisdiction at that point, and our gentlemen's agreement does not cover that.

By Mr. Smith:

Q. I would like to continue and elaborate on that point a little if I may. It has been said that there are a lot of American vehicles coming in here. Do you know whether they come from the agency over there which corresponds to yours, or from whom they come?—A. I think I have had brought to my attention three cases and we have investigated each case, and in each case the importation into Canada was made by private interests in the States. I have not been able to find out where the private individuals in the United States got the vehicles, whether they obtained them from the United States sales agency or not.

Q. I am merely asking, if I may pursue that a little bit further, for the reason that there is a persistent rumour that a very considerable amount of that sort of thing is being carried on. Do you follow my point?

Q. There is nothing you can do about it, but being out in the country with your large staff I think you would gather information without a great deal of trouble?—A. We have gathered full information on the three cases that have been brought to our attention.

Q. Are they individual vehicles or do they consist of groups of vehicles?—A. They were all groups.

Q. Were they substantial?—A. That is a little difficult to say. They were not substantial in the total vehicle population of Canada but they may have been substantial in relation to one particular type of vehicle.

Q. Would they be in hundreds?—A. I do not know. I do not think so. If I remember there were 24 reported to me as having come into B.C., and then a number—I think about 50—were advertised for sale in Toronto, and I forget the details of the other case. I think it was only a few.

Q. Will you be good enough to turn to page 2, the last paragraph on that page? I know it is becoming monotonous but would you mind once more telling a dumb fellow like me what these priorities are? They seem to slip from my mind.—A. The ruling on priorities is that any federal government department, provincial government, municipality or public body may have a priority of claim in respect of surplus declared to War Assets Corporation. That is in the order stated.

Q. What time governs each of those classes?—A. I would add on to my other statement, "Which they have requested". In other words the onus is on the priority classes to advise War Assets Corporation of what they require, and the onus is not on War Assets Corporation to tell them what is available.

Q. What I have in mind is this. Perhaps your answer clears it up and perhaps it does not. We will assume that something is declared surplus and comes to War Assets. I gather then that as to those persons who have priorities that is the first time they can be effective, when you get them. We will take the Dominion government to start with. What length of time has the Dominion government to assert its priority with you?—A. There is no time limit at the moment, but we are about to issue a new regulation specifying a thirty day lapse as the maximum.

Q. And then provincial governments?—A. Then the provincial government, if it is after the same thing as the federal government and the federal government does not want it then it would be able to have . . .

Q. On a thirty day . . . A. I have not established that yet.

Q. But it is a matter of time?—A. It is a matter of time.

Q. And then we go down to the third priority, and that is also a matter of time?—A. Correct. I stated the other day in relation to priorities in front of the Veterans Affairs Committee that in my experience—and I have had six years—immediately the demand is greater than the supply priorities are ineffective, and you then have to descend or elevate yourself to a system of specific directives.

Q. You feel you have come there now, do you not, pretty much?—A. Whenever the supply is less than the demand priorities cannot function effectively. I think that has been accepted as a general principle. It was proven during the war years.

Q. Suppose I want a motor car. Certainly the demand is much greater than the supply at the moment. Are you suggesting that priorities are ineffective under those conditions?—A. I think I might read a part of my brief to the Veterans Affairs Committee, if I may, Mr. Chairman. I should like to read something on priorities as an example of a priority not working properly.

I might instance the mythical case of a steel manufacturer whose output was completely taken up under a priority order for the construction of ships. As time went along the steel manufacturer found he could increase his production rate of steel, providing he himself could get sufficient steel to put up a building; but under the priority ruling in favour of ships, he was not able to get the steel and unless an allocation was made on his behalf he would not be able to increase his production to the benefit of everyone using steel.

Immediately we get to the point where the demand is greater than supply under the priority system your priority must be discarded in favour of allocation.

Hon. Mr. HOWE: In other words, under the priority system certain classes of people get all they want while others get none. Under the allocation system you can give the top class what they really need, not what they want but what they really should have, and leave something for the others. Is that not what you are trying to say?

Mr. SMITH: In other words, it is rationed.

Hon. Mr. HOWE: Well, we call it allocation.

By Mr. Smith:

Q. I am glad to hear it is being changed but I gathered from you that under this priorities business an article or a lot of articles might stand a matter of three months and you are tied up by the priorities in their disposition for probably that length of time?—A. That is possible.

Q. May I also add you are very anxious to get rid of that? It seems like good common sense.—A. That is correct.

Q. And your new suggestion is what, allocation?—A. There would have to be some system of specific allocations in certain cases.

Q. You are a Crown company but let me promote you to a government department because you have liaison, I am quite sure, with government departments. Can you think of any reason why there should not be a much shorter time than that thirty-day period? Surely ten days would be ample for one department to communicate with another?—A. I would be very happy to have a recommendation from this committee to that effect.

Q. You have got one from me. That may start something.

The CHAIRMAN: Gentlemen, would you mind letting me put this on the record? Along the same lines I intended placing before the steering committee a recommendation—and I would ask Mr. Berry to give us his reaction—recommending that the period of priority be reduced from thirty to ten days in the case of federal; five days in the case of provincial; and two days in the case of municipalities, or a total of seventeen days.

Mr. PROBE: The five and the two would not work. I agree with the ten and ten and ten. That would be all right.

By the Chairman:

Q. What is your reaction, Mr. Berry?—A. Well, I would like to have that, but I do not think it would be quite fair to the municipality because a municipality in turn is a body of people that have to be consulted to make the decision. It is not one man's decision. Two days would be all right for a one-man decision but for a public body or a municipality I am afraid it would not be quite fair.

Mr. MARQUIS: Ten days.

Mr. STEWART: Ten days, Mr. Chairman.

The CHAIRMAN: All right, Mr. Smith.

By Mr. Smith:

Q. I do not quite understand the second to last paragraph on page 3. You say:

The supply department, in conjunction with the merchandising department, was faced last year with a particularly difficult task of superimposing a new system of handling surplus on top of an already existing procedure without stopping operations and sales.

Then you say you are pleased that the difficult job has been accomplished and that sales have grown tremendously in that period. I am not quite clear as to what that change in system is.—A. Originally the system was that the reports of surplus would come directly to the corporation in reasonable detail or in complete detail so that the sales department could then pick up a report of surplus and sell directly from the report of surplus. It was found that the method of categorizing and describing material by the armed forces, let me say, or other government departments, was not in commercial terms, and we found ourselves getting into quite a lot of trouble through selling stuff from military description, for example, which did not describe the article properly at all. Therefore we then had to take all these lists, start in reviewing the materials ourselves, and put them on our own lists in relation to what they were in commercial terms and pass those lists to the sales department.

Q. In other words, you have had to take the language of the purchaser and not of the army.—A. That is right. So we were faced then with leaving old reports of surplus in operation and adding to them our new reports as they came along all the time until we considered that we had sufficient of the new reports so that the sales department would not have to stop selling. If we had pulled all the old reports out originally the thing would have stopped cold. We took a chance on getting a considerable amount of duplication in having the original reports of surplus in there and our new sheets but beyond half a dozen minor cases we avoided that very successfully. We have now within the last month withdrawn all old reports of surplus, and they are being put in their proper form of description.

Q. Last year you or Mr. Peterson, I think it was, told us in the disposition of trucks—that is trucks suitable for farm work—you relaxed your rule with respect to sales through dealers, and that on occasion you had the farmers

meet, draw lots, and so on, as to who should get a vehicle. Has that been continued?—A. That is continuing in a slightly different form that is more workable, and I believe will be more acceptable to the farmers.

By Mr. Probe:

Q. For old vehicles only?—A. Used vehicles only.

By Mr. Smith:

Q. What is the change?—A. I might add that is used military type vehicles only.

Q. In other words, other vehicles all go through the normal course of trade?—A. That is correct.

Q. May we go back to our people who are abusing us by letter and telephone and tell them that War Assets Corporation definitely will not change that and it intends to continue to operate through the trade?—A. That is correct; unless we receive special instructions in the matter that is our recommended policy which we are following pretty coldly.

Q. So far as you are concerned this is a Crown corporation and that is your definite policy?—A. That is the Crown corporation's policy. We do sell some trucks directly to federal government departments.

Q. I am not concerned about them. It is the little fellow up in the country that I am worrying about now. I want to ask you about these used vehicles. You said there was a change in the policy of their disposition. What is it? You said there was a more satisfactory way.—A. Relatively the same system I think will be continued. We are negotiating at the moment and discussing this matter with the Federation of Agriculture as to the possibility of making an allocation of a certain number of trucks for sale to farmers in accordance with the Federation's recommendation to us, and we are requesting them to let us know how many of that number they require in each province. We are then attempting to make these trucks available to the farmers in each province in accordance with that list.

Q. That has not yet become effective?—A. We have a verbal agreement on the thing and the letter confirming it is sitting on my desk waiting to be dictated now.

Q. How can it be sitting there waiting to be dictated? You mean answered. I have just one further question. Has anything been done since we last met with respect to preference for veterans in the purchase of goods under War Assets Corporation? Either you or Mr. Peterson told us last time that you expressed the wish to dealers that veterans should be preferred but that was as far as you went. Is the situation still the same in that respect?—A. The situation is still the same.

By Mr. Stewart:

Q. May I ask one or two more questions as to the lands and buildings department? You say that is a specialized operation which has as its purpose the selling of industrial properties to the best advantage. I am wondering whose best advantage, whether it is the country's or the company's because land and property today are at a premium, as everybody knows who is trying to buy land to build a house or even to buy land for the purpose of erecting a plant. I have press release No. 43-46 here which gives the original cost of land and buildings sold as \$12,592,424, and the sale price—that is the price at which War Assets sold them, at \$5,455,223. In other words, we really realized 43 per cent of the original cost. More specifically on this release under lands and buildings I read:

In lands and buildings the major sale was the plant at Naugatuck Chemicals Limited, at Elmira, Ont., acquired by the Dominion Rubber Company Ltd., of Montreal, for \$60,000, a recovery of 35·3 per cent of the original cost of \$170,000.

Am I to understand that was the best possible price which the corporation could get from this company? Were tenders invited, and in view of the shortage of materials and the expense in regard to buying land why was the sale price so little?—A. I can have that specific case looked up, Mr. Chairman. It may well come under one of the general situations where the cost of a plant built for war purposes includes a lot of equipment or items which are of no value in commercial practice at all.

Q. This is just lands and buildings. This is quite specific. I am only giving that one case.—A. As to the building to which you refer, for instance, we might have a building that cost \$200,000 but \$100,000 of that expense might have been incurred in building a rifle range under the building which would have no use commercially.

Q. That scarcely would happen in every building, but here you have a report giving \$12,500,000 as the cost and we sell for \$5,500,000, much less than half price. Why are these companies getting away with such tremendous bargains?—A. I would venture to say they are not getting away with bargains.

Q. I would like to buy a building at less than half price. I think I would have a bargain.—A. There are all sorts of buildings and all sorts of complications. The cost of erecting some of these buildings includes facilities for war production which are of no use in commercial life at all.

Q. That is one of the matters I should like to investigate further later on. Mr. Chairman.—A. We can take any specific building you like and I would be very glad to analyze it and give full reasons.

Q. There is one thing about the Research Enterprises plant which I should like to investigate.

By Mr. Golding:

Q. Before you leave trucks, Mr. Berry, could you tell the committee approximately how many trucks the corporation has for sale, or have you any idea?—A. The other morning in front of the Veterans committee I made a statement, I think, that we had about 67 trucks and passenger cars available for sale as of that morning.

Mr. McILRAITH: That is the Veterans Affairs Committee evidence on Friday.

The WITNESS: This is used ones.

Mr. MACDONNELL: May I ask a question?

The CHAIRMAN: We are just going to get the answer to this question. You are next.

The WITNESS: At the time I made that statement we had 65 used passenger cars, ambulances, station wagons, trucks and tractors in our possession ready for sale, and I told the committee at that time I never knew when I was going to get more trucks in my hands, and while I was telling them at that time I had 65 that was the last report I had I might well go back to my office and find I have 2,065. As it happened it turned out that way because when I got back to the office some of my people started laughing at me and said, "While you were away the army turned in so many trucks at Debert."

By Mr. Golding:

Q. Have you any idea how many trucks and cars you have disposed of?—A. I have not got the detail of that. I can get that.

Q. What I was thinking about was the plan of having trucks sold such as you had in London where you had farmers come in there. They had to be O.K.'d by the Federation of Agriculture and then they would draw. There were more there than there were trucks. There were more requiring trucks than there were trucks.—A. We started an allocation within a priority group.

Q. Unless you had a large amount of trucks and cars for sale you could not very well carry on a system like that all across the country.—A. No.

Q. What I want to know is approximately how many you have sold?—A. I was asked how many trucks we had. Out of that 65 at that specific time there were 39 trucks.

Mr. MACDONNELL: Mr. Berry in answering Mr. Smith's inquiry about priorities and delays said he would be very glad to have a recommendation from this committee for a reduction of the period, and later on he spoke about getting instructions as to some other point. I should like to ask Mr. Berry if he would say to us just how much freedom of action he has. I quite realize he is not a dictator exactly but I was surprised that on a comparatively minor matter such as the question of the timing of priorities apparently he felt he could not act on his own. I should like him to give a general idea of how much scope he has. I should think it would be quite fatal in the business he is in if every time there is something to be done he has to get instructions. Sometimes instructions are somewhat delayed. We are told they are in government departments. Would he say from whom the instructions come and in a general way how much freedom of action he has?

The WITNESS: I do not quite know how to answer that one. I would say as president of War Assets Corporation I have every freedom in the operation of the corporation and its commercial operations. As far as general policy is concerned then I must look to the Department of Reconstruction and Supply for the major overall policies. In addition to that there is in existence the Crown Assets Allocation Committee which is in a position to make recommendations to the Minister of Reconstruction and Supply as to what policies should be adopted in the disposal of surplus.

Mr. MACDONNELL: As the Minister of Reconstruction is here I will not ask you to express your view on it, but I would express my view that it seems to me rather odd that on the matter of these priorities you apparently would not feel free to reduce that time although you apparently agree with Mr. Smith that it is a very reasonable thing to do?

The WITNESS: I would not feel free to reduce the time without consultation with the affected parties. I would look on that as being an arbitrary action on my own part if I did that.

Hon. Mr. HOWE: I might say that the system of priorities was established by the War Assets Allocation Committee which, according to the Act as passed by parliament, advises the minister on policy. It is a committee made up partly of government officials and partly of representatives of the public. I accepted their advice on that and passed it on to the corporation, and while the corporation does not like it, the War Assets Allocation Committee have not seen fit to change their advice on the subject.

Mr. MACDONNELL: Perhaps they will now.

Mr. SMITH: May I ask one short question?

By Mr. Smith:

Q. Has the ammonia plant at Calgary been turned over to you yet?—A. No.

By Mr. Winkler:

Q. I should like to ask one short question with regard to the sale of bulk materials by War Assets Corporation. For instance, there are matters such as sulphuric acid which I discovered is in large amount in Winnipeg in the

Transeona plant of Dominion Industries. I believe there are over a million gallons there. Would that be sold direct to anybody who would buy what would be called a wholesale amount or would it have to pass through the central office? Probably if you can give us an answer in that case as to the sale it would give one an idea of the policy.—A. In the case of a big bulk of material of that type which may seriously affect employment by stopping production and flooding the market we act in consultation with the manufacturers of that article as to the amount that should be released. Following that consultation we then release in accordance with the best advice we can get either to the manufacturer who will redistribute through his wholesale channels or to his wholesale channels. We would not be in the position of selling two gallons, for instance, to a garage for topping off batteries and things like that.

Q. I mean quantities of say, ten or fifty barrels, something like that.—A. If we sold that coldly without consultation it would probably be quite an impingement on the normal business of the manufacturers and distributors.

Q. In other words that would pass through the central office?—A. Yes. We are trying to set now on all the various articles we handle what we call a national significance figure. That national significance figure will make the local branch refer that amount, if it is over the amount that is shown as of national significance, back to the head office. Then the head office distribution section will take that up and redistribute that across the country for sale at the various points.

Q. That would be in contrast, for instance, to a large machine such as a centrifuge built to order for a certain purpose. There might very well be only one of those and that would be sold to the highest bidder, I presume.—A. Yes. That is a specific type of merchandise and will have no impingement on anything.

By Mr. Reid:

Q. May I ask one further question? In the case of organizations like orphanages or hospitals which may desire to acquire 50 or 100 beds and so many chairs would there be any very great difficulty in acquiring them in view of the fact that you may have 5,000 for sale in one lot? How would the disposal of the 5,000 take place? I am just wondering when the time comes for the disposal of these great surpluses in British Columbia what the procedure will be when you have a little organization wanting 100 beds or 50 chairs, a hospital or an orphanage, and you have thousands for disposal? What opportunity will be given those organizations to obtain their requirements? Will your policy be to sell the whole lot to one bidder? We are worried about it. One bunch of merchants might come in and buy the whole lot as was done in north and then re-sell to the people. I think it is important that we should know just what the procedure is going to be before these are sold.—A. No, I think in cases like that as we get this thing completely decentralized the branch offices can handle the local requirements of public bodies or public institutions very simply. We are doing that in a lot of cases now.

Q. Their offer or bid will be given consideration?—A. Exactly. Let us take these beds. Let us say there are 10,000 beds or 5,000 beds at Boundary Bay that you are speaking about. If the national significance figure on those beds is 1,000 then it means that a report of that would come back to Montreal and Montreal would allocate, let me say, to the B.C. district maybe 500 beds for sale in B.C., and 300 somewhere else and 200 somewhere else until the whole lot is allocated.

Q. What we are afraid of is that three or four second-hand dealers or merchants in that business may club together and tender for the whole quantity. Would their bid be given consideration, would it be given priority as against an institution that wanted 100 only or 50, say a hospital or an orphanage? I think

some preference should be given these institutions which only want a small number as against some person who is going to buy them for re-sale.—A. It is very difficult to answer that question generally. As applied to the items you have mentioned I would say that the smaller man would have a chance to buy out of that before any overall deal was made, to purchase from that supply before any overall deal was made. We are trying not to be too cold blooded about that thing. For instance, the easiest path for War Assets Corporation, if it got the right price from the second-hand dealers that showed a proper return for the whole thing, is to sell it to them immediately and that finishes our problem, but that is not the way we are trying to operate. We are trying to operate logically and fairly.

Q. But there may be a difference in the price. The institution may offer \$10 each whereas the second-hand dealer may offer \$12. Your organization may very well say, "We will accept the \$12" with the result that the second-hand dealer will buy up the whole lot and then turn around and re-sell them for \$18. The same sort of thing is happening up North and it is to obviate that sort of thing.—A. The War Assets Corporation is in this situation; somebody offers \$10; somebody else offers \$12; we have either to be 100 per cent commercial or we have to start weighing the merits of this thing. And when you get involved in that you are in trouble.

Q. I think it is a case of public commodities. You should consider the merits rather than take just the abstract commercial view of it.—A. I think we would go back to the public institutions and ask them if they would be interested in bidding the same price as that received from somebody else. That, of course, would be a matter of policy.

The CHAIRMAN: Gentlemen, we have the Hon. Mr. Howe with us at the moment. He has come over here at the earliest time open to him. I wonder if members of the committee have any special questions that they would like to present for his special consideration. I would like to say to him that I made a rather bold statement here this morning in the committee; that is, so far as the committee was concerned, Mr. Howe, that we do not propose to have any minister of the Crown tell us whom we should hear or when we should hear them or the type of question we should consider first, and so on. I thought I should acquaint you with the fact that I had made a statement of that sort.

Mr. GOLDING: Just a moment, Mr. Chairman, before we hear Mr. Howe; let us follow up this thing by Mr. Reid. Would hospitals and institutions of that kind have priority over the individual if they were prepared to meet the price?

The WITNESS: That is right.

Mr. GOLDING: They would have priority over individuals?

The WITNESS: They would have priority at the going market price. In the cases mentioned by Mr. Reid the going market price would be established by the bid received from the second-hand dealer.

Mr. GOLDING: That is what I mean.

By Mr. Probe:

Q. Would they be informed of that so that they could get in at the same level?—A. If they have requested a priority on any of these things we can go back to them, having established a price by reason of the bid of the second-hand dealer, and ask them if the are interested at such and such a price.

Q. That is fair enough.—A. We do that on many occasions.

Mr. REID: I do not want to labour the point, but where there is a certain supply of materials which are declared surplus and offered for sale at a certain camp the department might be able to dispose of say 5,000 rather than a larger lot, and that is where the danger of the bid from a local second-hand dealer

becomes important. I would like to prevent that sort of thing happening, the second-hand dealer coming in and picking up the whole lot.

The WITNESS: That would be taken care of under the priorities question.

The CHAIRMAN: I will now call on the Hon. Mr. Howe.

Hon. Mr. HOWE: Gentlemen, I just dropped in here to make sure that you were getting all the information you required. I can assure you that I did not come in here with any intention of dictating whom you should hear or what you should hear. I want to make it possible for this committee to get every bit of information they need, but I hope they will be able to get it in detail rather than en bloc. My difficulty in answering certain questions in the House is that they require a sort of bulk answer which makes it rather difficult to meet all the points of interest. For instance, we can discuss why we sold one particular building at half its cost price, but it is difficult to say why we sold fifty buildings at a price which returned only one-half of their cost. A building, you know, is usually functional in character. For instance, take the case of the Naugatuk Chemical Plant at Elmira: they were making a product in that building which is no longer required, wholly a war product, and the sale price of that building had to be sufficiently low to permit the company to make an adaptation so that the building could be used for the manufacture of a peace-time product. I think if you will keep that thought in mind when you are discussing the disposal of properties the results of your deliberations will be much more satisfactory. I make that observation by way of information; I am not trying in any way to dictate to your committee; I am merely pointing out some of the difficulties we had in answering all the questions.

The CHAIRMAN: Thank you very much, Mr. Howe.

Hon. Mr. HOWE: I will be glad to come here any time I can be of any assistance.

Mr. PROBE: Before we lose Mr. Berry—

Mr. GOLDING: You are not going to lose him for some time.

Mr. PROBE: —I would like to refer back to the question of educational institutions and I would like to ask the committee to consider this resolution. I think it is eminently fair, and possibly Mr. Berry might give us his reaction to it. I am speaking particularly of visually educational equipment, such as motion picture projectors; of which he says up to now he has not had a very large supply. I would like to make this motion, Mr. Stewart seconds it: This committee recommends that all material suitable for education, namely for example motion picture projectors and other optical equipment, be withheld by War Assets Corporation from the commercial market until having been offered for sale to provincial boards of education at 10 per cent of their value—I am not sold on that 10 per cent, but I am suggesting it. They sell buildings at 8 per cent.

Mr. McILRAITH: Is that the end?

Mr. PROBE: And, further, that all such material so made available at this special price be made available proportionate to the approximate population of the provinces concerned so that there may be an equitable countrywide distribution.

Mr. McILRAITH: Before that motion is put. Mr. Chairman, I have an observation I would like to make. First of all I would like to ask if the motion was discussed by the steering committee before it was brought before this general committee in accordance with our practice here; and my second point is, what reference has this to economies in war expenditures? As I understand the change made in our terms of reference, they were broadened to include the disposal of surplus crown assets, and as well matters which will effect economies.

What right has the committee to recommend a different way? If our reference to economies; and, by the way, these remarks apply to a lot of the discussion about priorities except in so far as they affect price; it appears to me that we are just a little bit off on these two items. I question whether it comes properly within the terms of our reference. I would like to read the reference, if I may: "That a Select Committee be appointed to examine the expenditure defrayed out of moneys provided by Parliament for national defence and demobilization, and for other services directly connected with the war, including the disposal of surplus war assets, and to report what, if any, economies consistent with the execution of the policy, decided by the Government may be effected therein." You see, we cannot report a resolution like that. I just raise that point.

MR. PROBE: I believe that the terms of reference are sufficiently broad; that phrase "including the disposal of surplus war assets" would include this particular item. We had presented last year a number of briefs from educational bodies that were all-inclusive, and the Canada-Newfoundland Educational Association covered the entire dominion. I notice their chief concern is with visual educational equipment which they find it almost impossible to procure. You will recall that Mr. Berry called our attention to the fact that manual training equipment was very difficult to segregate because of the vast ramifications in the tools involved. I do believe however, Mr. Chairman, that this item does come within our terms of reference.

MR. BRADETTE: Mr. Chairman, speaking for the motion, every member of this committee is in favour of assisting education in every way possible, at any time, and on any occasion. At the same time I would like to point out that it would not be fair to make this special provision for educational purposes alone. You take up in my district, we have an organized district, and we have our organizations. If you are going to ask that a special privilege be given to educational institutions, then I submit while you are you should make it all-inclusive and take in special organizations of any kind, and by that I mean such organizations such as Kiwanis, the Lions, Rotary, Knights of Columbus—everybody. I do not think it should be limited in the way suggested by the motion put forward by Mr. Probe. We all know there is an acute shortage, and the purpose of the motion is absolutely good, there is no doubt about that.

MR. STEWART: The purpose is not only good, the principle is good. I disagree with Mr. Bradette.

THE CHAIRMAN: Mr. Stewart, just a minute please, I do not know whether Mr. Bradette is through or not.

MR. BRADETTE: No. I just want to state what I believe to be the case in my part of the country. We have an organized district and I submit that we have just as much right to go before the War Assets Corporation and make representations for special consideration as anyone else, but we could not get a resolution of that kind put through. What can I say to them if they ask me why we put through a motion to favour one particular group without doing something for the rest. I submit, Mr. Chairman, that you cannot get away from the fact that if you open it up for one group or one department or group you have got to open it up for all. If it is to be a matter of government policy to give educational institutions a preference, whether it be with respect to visual educational equipment or any other materials, others have an equal right and are equally deserving of consideration.

MR. STEWART: I disagree with Mr. Bradette, for this reason: educational institutions are the only institutions in Canada which are supported by all the taxpayers. That is not necessarily the case with hospitals. Educational institutions are supported by all the taxpayers, and if we can get a concession for educational institutions, or for departments of education, as suggested in this

motion, then we are going to effect an economy. And I want to refer to this point again, which I will continue to stress to this committee; that the disposal of war assets is something more than a matter of dollars and cents, we have got to consider dispositions from the point of view of the benefit to the people of Canada as a whole. As I see it there is no better way to help the people of Canada than by educating the children, and supplying the facilities necessary for their education. Education is far more important than anything else, and they are certainly deserving of these special considerations asked by the motion.

Mr. McILRAITH: What about civic hospitals? They are supported by the taxpayer.

Mr. STEWART: I am in favour of limiting it specifically and entirely to educational institutions.

Mr. MARQUIS: I think this matter is one that should be referred to the steering committee for discussion. After it has been discussed there they could present a report to the main committee. It was decided by the members of this committee that the main committee would discuss only matters which have been brought to its attention through its steering committee. My own view is that the matter should be referred to the steering committee for consideration and report, before it comes up for discussion here.

Mr. PROBE: I will be quite happy to have it referred to the steering committee, and I think it should be considered by them. The reason I brought it up here was that a recommendation was made by Mr. Smith a few moments ago, and I was really following the precedence set by him. I thought this motion would be of interest and by presenting it directly we would save a lot of time.

Mr. BRADETTE: I am very much concerned that my stand in respect to this matter should not be misquoted or misunderstood. I quite appreciate that it can be used against me. And naturally I am interested in my own constituency and that is why I suggest that this committee, if it is going to open up the questions of special concessions, must do so on an equitable basis, not limit it as suggested by this proposed motion to educational institutions alone. If a special concession is going to be made to educational institutions I submit, Mr. Chairman, that a similar concession should be extended to organizations which occupy a similar place in the community.

Mr. JACKMAN: May I have the floor for a moment?

The CHAIRMAN: Yes.

Mr. JACKMAN: I do not suppose there is a member of this committee who has not received a sheaf of letters from the various educational and other bodies saying that they would like to get this, that and the other thing. I think that is the explanation for so many of these special requests being brought to the attention of the committee, the matter of priorities or special concessions for charitable or educational institutions; and I am a little in doubt as to whether or not these matters come within our terms of reference. I am not prepared to say one way or another whether they do or do not. It is a question of policy, and it is a matter which must be decided by the steering committee. If the steering committee has decided the question in the negative, that we should not go into matters of policy, then they cannot be gone into in this committee. But I do think this is something that comes within our terms of reference, to decide whether or not the War Assets Corporation is going to be run as a business organization or whether it is an eleemosinary institution giving consideration to each particular body applying for some gift, one applying for this and another applying for that, and also, if it is in the public interest, that one should get this and one should get that. How can it decide these various matters and still run as a business organization? I wonder if Mr. Berry could give me a fair estimate of the total amount of war assets

which have been declared surplus and which are of any interest to these public organizations and what they would be worth at the suggested figure of 10 per cent of cost. I want to state to this committee my duty as I conceive it, that is to get these assets which have been declared surplus disposed of and into the hands of the general public while there is still a general shortage. At every meeting we have had in this committee, and continuing at the opening up of this new committee, this subject of priorities has been brought up for discussion; but, that is perhaps due to the fact that members are receiving a great deal of correspondence about it. I think it is up to this committee to decide once and for all whether or not War Assets Corporation is going to be a business institution or whether it is going to be a charitable institution; or whether it is possible to superimpose on a business corporation some kind of a charitable aspect which will not interfere with their main work. Would it be possible, for instance, to set up a committee which would review the various assets which are available for sale and say whether or not various public institutions, educational bodies, etc., were to receive this consideration. This committee would also have to decide whether such materials would be held from public sale for a period of anywhere from thirty days to forty-five days, whatever time might be necessary. But if Mr. Berry and his officers are going at one and the same time to act as sales agents for this tremendous body of assets and also decide whether John in British Columbia is going to get something and Robert in Nova Scotia is going to be entitled to something, and all the other people running in for things because prices are at a big discount—it is reasonable to ask for things under such conditions whether they want them or not. You just cannot merge business and sentiment to meet the desires, and possibly also the needs, of the vast body of institutions from one end of the country to the other who are interested. Now, then, sir, it is the decision of the steering committee that we have no right to recommend on questions of policy. I think when our next report is made to the House we should open up the whole matter of priorities. But if we are going to ask—(I was going to say poor Mr. Berry)—if we are going to ask Mr. Berry and his officers to carry on a business organization and a philanthropic institution at the same time we might as well ask them to close up shop.

Mr. PROBE: Speaking of philanthropic institutions, this was not intended as a philanthropic motion. Mr. Berry made the statement in general about the question of projectors and he mentioned specifically they were not on a commercially saleable basis.

The WITNESS: No, no.

Mr. McILRAITH: He did not say anything of the sort.

Mr. PROBE: That they were on a commercially saleable basis; shall we put it that way?

The WITNESS: They are on a commercially saleable basis.

Mr. PROBE: And we have an agency set up, it is a special sales division, which looks after normal sales of materials that have specialized use. I believe that motion projectors when surplus might be considered to have a specialized use, and it is my suggestion that they might be so considered. I am quite prepared to drop my motion if it is to come before the steering committee. Mr. Bradette's idea is sound. Mr. Reid I think has spoken along lines with which we all agree and he stated our ideas on the matter of giving hospitals and other institutions consideration. I stated ten per cent in my motion, but as I said, I am not wedded to that and would change it to make it a commercial proposition. I do feel that here is a specialized type of equipment that should have specialized use. However, I do think it is a matter of life and death.

Mr. McILRAITH: Why don't you ask Mr. Berry how many have already been sold?

Mr. PROBE: Mr. Berry stated that very few had been sold.

Mr. GOLDING: Mr. Chairman, let us get down to reference which has been given to this committee.

By Mr. Golding:

Q. In this matter of priorities, do the educational institutions and bodies throughout the dominion have any priorities regarding the purchase of this equipment.—A. Yes.

Q. They have?—A. Yes.

Mr. GOLDING: Then, about as far as we can go is this, we are supposed to make any recommendations we can with respect to economies; but it says here, consistent with the execution of the policy decided by the government. Now, the government itself must decide the policy. Our duty and responsibility here is to recommend economy consistent with that policy. It is not the policy at the moment to sell stuff at ten per cent to certain people, that is completely out of order and should not be suggested or moved by any member of this committee. That is not in keeping with the terms of reference that have been given to this committee. It would be entirely out of order for us to do that. I had a strong feeling myself; I read these resolutions from the educational bodies of one kind and another, and I had a strong feeling that we should give consideration to these representations. On the other hand, if you read your reference, we haven't any right under this reference to interfere in a matter of policy. It is up to the government themselves to decide whether they want to adopt a certain policy, not this committee. You are quite out of order. I was disposed to promote this idea myself, but I found that it would be entirely out of order for me to do so as a member of the committee.

Mr. COTE: You are prevented right there.

Mr. GOLDING: Yes.

Mr. COTE: Unless the committee were to obtain an extension to its order of reference I do not think we could touch it.

Mr. GOLDING: Any member speaking in the House has the right to get up and express his opinion on the address in reply or anything like that, but to make a motion for this committee to say you can do so and so, and so and so; that is entirely out of order.

Mr. PROBE: The War Assets Corporation has just stated that they set the policy.

The CHAIRMAN: Oh, no.

Mr. McILRAITH: We are not examining the policy.

Mr. PROBE: I disagree with Mr. Golding that we have not the right to introduce this motion, because I believe that it comes under the part including the disposal of war assets, enumerated and set out in the terms of reference. I do not want to argue this, but there were one or two points I thought I might go over. I am quite prepared to—

Mr. McILRAITH: Refer it to the steering committee.

Mr. PROBE: Yes, if the steering committee will take it for consideration.

By Mr. Stewart:

Q. I wonder if it would be possible, Mr. Berry, to supply us with a detailed list of buildings that have been sold. Would it be possible to get that?—A. It would be possible.

Q. I mean, a list of the buildings; the location of the building, the cost of the building and so on.—A. I believe we could supply that but it would involve much work.

Q. I do not want it in too great detail.—A. We could give you the location of the building; the original cost of the building; the price at which the building was sold. May I suggest that it might be better if the committee would pick out the items which it would like to have discussed and I will arrange to bring over the necessary files which would give the story with respect to any particular building.

Mr. STEWART: We would like to get the cost of construction, the type of construction, the date of the sale, the proceeds of the sale—I think that would be sufficient.

Mr. JACKMAN: Why not put a minimum amount of \$10,000.

Mr. MCGREGOR: I should say that we should have them all, because there were a lot of temporary buildings put up which sold at less than \$10,000 and cost maybe \$100,000. We want them all.

The WITNESS: I am afraid it would be difficult to put them all in. It would be a rather colossal job because you would have to include every small building you had say at an airfield or anything of that kind. Would it not be possible for the committee to state a minimum?

Mr. STEWART: Give us the \$10,000 or over.

The WITNESS: The \$10,000 would bring in practically everything. I would suggest an original cost of not less than \$100,000.

Mr. STEWART: That seems rather high to me.

Mr. McILRAITH: Would not the better way to approach that be this, Mr. Stewart: take what can be obtained in the range of the larger figure, and then if you find that does not give you what you want you can reduce the limit until it brings out the information you desire.

Mr. STEWART: I am willing to accept that suggestion.

The WITNESS: All right.

By Mr. Jackman:

Q. Could you give us the total amount of the inventories on hand; the cost value of the commodities and their present inventory—in round figures?—A. I am afraid, Mr. Chairman, the corporation does not maintain a record of original cost. It is not possible for us to do that.

Q. What I am leading up to is this. I want to know the relation between the amount at which this surplus is being sold and its cost; the amount of the surplus on hand, and what is still to come. Can you give us any idea as to the further amount which is likely to be declared surplus? Would it be of the order of hundreds of millions or what?—A. I am afraid my records will not allow me to answer that question.

Q. Have you had any estimate or report, or do you get estimates or reports from time to time on sales, and the percentages which those sales bear to original costs?—A. We do have these reports in relation to certain specific items such as real estate and buildings, on which we are able to carry the original cost right through the record, and also on certain types of machine tools. Other than that I do not think you will find there is much including the original cost. We do not find it possible to carry that record through, in some cases it is not possible to obtain the original cost.

Q. And there is no attempt made to find out what the original cost was on any body of assets declared surplus?—A. No.

Q. It is not considered worthwhile.—A. I think it is not worthwhile, and I would say that it would not be possible in a lot of cases because so much of our stuff comes in bits and pieces rather than as entities. For instance, we could take the case of a complete aeroplane, and we know what the complete aeroplane costs; but it would mean a lot of research and investigation to find out how much a half finished connecting rod for an engine is worth.

Q. If you were to have fifty thousand pairs of army boots declared surplus, you would not know the cost?—A. We could easily find the original cost, or the average original cost.

Q. Do you find the original cost, or do you consider that worthwhile.—A. We do not find it. We work on the going market price, relatively the best price we can get for them.

Mr. McLURE: I had a number of questions to ask when I came here but everybody was so anxious to ask questions that I have just sat and listened, and I must say that every one that has been asked has been well answered. And I want to say this while we are here, that Mr. Berry has been a wonderful witness under cross-examination, and I think he must have given entire satisfaction to every member of the committee; and I just want to say to him that that is my humble opinion, sitting here as a member of the committee.

The MEMBERS: Hear, hear.

Mr. MCGREGOR: Did I understand Mr. Berry to say in reference to the question asked by Mr. Jackman that if they had fifty thousand pairs of shoes to sell, that they did not ask the cost of those shoes and did not enquire as to what the cost of those shoes were before setting the price: did I understand you aright?—A. We do not enquire as to the original cost.

Q. You do not enquire as to the original cost?—A. No. We do in specific instances if we consider the cost is obtainable and if it is considered to be of use in establishing the going market price. But in the case of shoes, we would ask the Wartime Prices and Trade Board what the ceiling price for those shoes were, and our sale price would be governed accordingly.

The CHAIRMAN: We will meet again on Thursday next at eleven o'clock a.m.

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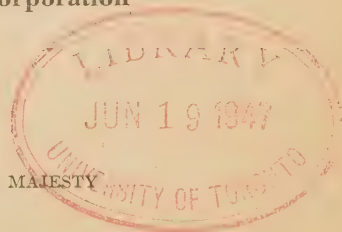
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THURSDAY, APRIL 4, 1946

WITNESS:

Mr. H. Berry, President, War Assets Corporation

OTTAWA
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PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1946



REPORT TO THE HOUSE

WEDNESDAY, April 3, 1946.

The Special Committee on War Expenditures and Economies begs leave to present the following as a

SECOND REPORT

Your Committee recommends that it be given leave to adjourn from place to place as may be found expedient.

All of which is respectfully submitted.

GORDON B. ISNOR,

Chairman.

MINUTES OF PROCEEDINGS

THURSDAY, April 4, 1946.

The Special Committee on War Expenditures and Economies met at 11.00 o'clock a.m., the Chairman, Mr. Isnor, presiding.

Members present: Messrs. Benidickson, Bradette, Cleaver, Cote (Verdun), Golding, Isnor, Jackman, Marier, Marquis, McGregor, McIlraith, McLure, Michaud, Probe, Reid, Stewart (Winnipeg N.), Winkler.

In attendance: Mr. J. H. Berry, President, War Assets Corporation; Colonel William Gordon Denney, Director of Ordnance Services (Provisions), Branch of the M.G.O.; Air Commodore R. A. London, Director of Equipment Supply, R.C.A.F., and Commander E. G. Arnold, Naval Assistant to the Deputy Minister of National Defence (Navy).

The Chairman announced that a representative of the Department of National Defence (Navy) would give evidence before the Committee on Thursday, April 11th.

Mr. Berry was recalled and further examined. Answers were given by the witness to a number of questions asked at the last sitting.

He also filed a statement showing cost and sale price of certain plants and building sold by War Assets Corporation. Witness informed the Committee that the preparation of a complete list of such plants and building which have been sold would involve considerable work.

At 1.00 o'clock p.m., witness retired and the Committee adjourned until to-morrow, Friday, April 5, at 11.00 a.m.

R. ARSENAULT,
Clerk of the Committee

MINUTES OF EVIDENCE

HOUSE OF COMMONS

April 4, 1946

The Special Committee on War Expenditures and Economies met this day at 11.00 o'clock a.m. The Chairman, Mr. Gordon B. Isnor, presided.

The CHAIRMAN: Gentlemen, if you will come to order please we will start our proceedings. While we are waiting for Mr. Berry I might report that I have gone over certain matters with Mr. Berry in regard to questions which were placed before our Committee during the last session. A complete list of these has been compiled. Unfortunately, Mr. Low, who is looking after that, is indisposed at present, but I propose to have those questions answered in as nearly the same order in which they were placed before us as soon as possible. Then I took up with him the big question of ships. I think we should give the subject of these boats an entire sitting, or even longer perhaps.

Mr. REID: On the question of what?

The CHAIRMAN: Ships. It has been suggested that in view of the fact that War Assets Corporation will have a meeting of its directors next week at which Mr. Berry and other senior officials will require to be present,—I think it is on Tuesday and Wednesday, is that so Mr. McLraith?

Mr. McILRAITH: On Wednesday and Thursday.

The CHAIRMAN: So I am going to suggest that on Thursday we call a representative of the department of National Defence for naval services. I think Commander Arnold will likely be the witness. I am giving you advance notice so that you may be able to prepare questions for presentation on that subject at that time.

Lt. Com. ARNOLD: Mr. Chairman, I think the gentleman from the navy who will be here will be Captain Hope.

The CHAIRMAN: Thank you, Commander.

Mr. JACKMAN: What is his position?

The CHAIRMAN: I understand that he is in charge of stores in general and of supplies.

Mr. JACKMAN: Is it the suggestion that we go into the question of surplus ships or all surpluses in the naval department?

The CHAIRMAN: More on the question of surplus supplies. I would also like to give notice of a meeting of the steering committee to be held at 2.15 p.m. to-morrow for the purpose of giving consideration to further matters to be placed before this committee.

Mr. REID: That is all right, Mr. Chairman; but I am just wondering if it would not be better if we were to call the heads of some of the other services, the army and the air force for instance, because it seems to me that there are possibly greater volumes of supply to be disposed of or declared surplus in those branches than would be the case with respect to ships or supplies in the navy. We should have at the earliest possible moment complete information regarding the huge quantities of material all over the country which are now and which will become surplus, and I think we all realize we will not be able to get very much of that information from officials of the marine service. I was wondering also about the army and the air force. That is just my opinion.

The CHAIRMAN: Thanks, Mr. Reid. Perhaps we will consider that to-morrow at the meeting of the steering committee. My thought, of course, was to pay proper respect to the senior armed service.

Mr. PROBE: Of course, your being from Nova Scotia would not have anything to do with that would it, Mr. Chairman?

Mr. REID: I was just afraid that if we did get the navy man here, there are so many questions that others as well as myself have in mind regarding the great amount of surplus material lying around the country that discussion with respect to that might be deferred for some considerable time. I also have a question or two regarding ships.

The CHAIRMAN: I will bear in mind the point we have raised and if it is agreeable to you we will have that matter taken up at the meeting of our steering committee to-morrow.

We will now call on Mr. Berry and ask him to proceed.

Mr. J. H. Berry recalled.

The WITNESS: Mr. Chairman, I have one general statement I should like to present to the committee, and along with that I have answers to a number of questions that were asked at the last meeting.

In a business the size of War Assets Corporation it is essential that policies and procedure be laid down in some detail, so that operative members of the corporation may know how to proceed and obtain the desired results without having to refer everything to the senior administrative officers.

These policies and procedures are developed as carefully as possible and are subject to revisions from time to time as we discover better, more equitable ways of doing business.

The policies and procedures which I have and will outline to you are the latest we have developed, and are those under which we are operating at this time, but this does not mean to say that changes will not be made as, when, and if we find out better ways of doing things.

Further, I do not think it is possible in any business to lay down procedures and policies in sufficient detail to permit of them being applied by all operatives to cover 100 per cent of all circumstances. In issuing our procedures and policies it is our hope that they will cover at least 90 per cent of all circumstances, leaving 10 per cent for consideration and decision by the senior administrative staff. The decisions arrived at to cover the 10 per cent which I mention as an arbitrary figure may not be entirely in accord with the general policies under which we are operating, but the 10 per cent decisions and the consequent action will represent the best advice and consideration that can be given by our advisory bodies and the senior administrative officers of the corporation.

I bring this point up to indicate that there may always be the individual case in which it appears that the standard policy has not been followed, but these cases are comparatively few and are caused by abnormal circumstances in relation to the specific case.

I thought I would like to make that statement, Mr. Chairman.

The CHAIRMAN: Yes.

The WITNESS: I said at the last meeting, Mr. Chairman, that I would have a classification of categories for the committee. Unfortunately, the booklet, which we are now printing as fast as we can, will not be available for another week or ten days, so I would prefer to deal with that matter at that time. A question was asked about the number of projectors that we have had declared surplus and which have been disposed of. We get reports of surplus that cover complete plants at times and such a report of surplus does not indicate in detail

what is contained in the plant. War Assets Corporation goes into a plant with what we call a clearance team and inventories are made as they go along; so the actual picture on projectors is a little different to what I stated it to be the other day, due to the fact that some of the projectors were found by us in plants reported as a whole with the plant; so that the number of projectors which have been reported as surplus directly to us is four but we have actually sold seven, having found three in plants which we have gone into and inventoried. Do I make myself clear, Mr. Chairman?

The CHAIRMAN: You do, but I think your statement is rather surprising as to the numbers. Before we leave that are there any questions the members would like to ask, or is any enlargement of that statement necessary?

By Mr. Stewart:

Q. To whom would these projectors be sold; were they sold back to the company who manufactured them, or were they sold to departments; were they sold as a lot or were they sold separately?—A. That I cannot answer. I will get that information for you if you would like to know exactly at what amount the seven sold.

Q. I was just wondering whether you were following the policy there of selling back to the manufacturer, if that was the policy?—A. Speaking from memory I know one projector which due to error on the part of one of the staff was sold to one of the universities.

Q. They were very fortunate there.—A. Yes, when there are prior claims from the federal departments, and according to my own knowledge the balance have all been passed over to the federal government departments under priorities. I will look into that and give you a report at the next sitting.

By Mr. Reid:

Q. May I ask a question about these projectors, Mr. Chairman: If you find let us say three projectors in the Vancouver district would they be reported to the head office; and when you get the inventory at head office showing that these projectors were there, would they be called east and disposed of in Ontario? Why should not the projectors we have in the province of British Columbia be left in that province for disposal by the local office of your corporation?—A. I do not know the answer to that one.

Q. I would like to have it, because I may tell you that there have been persistent rumours and statements have been made that some projectors have been found in certain places and immediately they are declared surplus they were taken out of the hands of the local administrator of the War Assets Corporation and disposed of in another province. I think it would be well for the committee to have a statement on that. I know that I would like to have a statement as to the reason for following such a policy. If such a policy is in force and being carried out it certainly is grossly unfair.—A. As far as I know our general policy in a case of that kind would not be to move them, unless they were required by federal government departments under a priority, or unless in the same way they were required by a provincial government or municipal authority under their priority. Otherwise these projectors would be sold in the province through the local office. That would be the policy.

Q. I take it that in the case of priority users wanting the projectors, the fact that other people were interested would be of comparatively little interest. But let us suppose the priority users did not elect to take them up, would these projectors be advertised for sale throughout the province to public bodies or individuals; I merely use projectors as a convenient example, the same principle would apply to a lot of other articles as well?—A. Generally that is the policy we will try to apply. I will say that I will have to check up on individual cases to find out what has happened and what is happening.

Q. I think you should do that because there has been a great deal of criticism of the individual in charge of your local organization, the War Assets Office in Vancouver. Now, suppose a person wanted to buy a projector, to whom would he apply? Let us suppose no municipality, provincial or federal government wanted to exercise its priority, would the projectors be advertised; and, if a person has made application and his name is on the list, would the fact that his name was on the list entitle him to prior consideration, even in the event of the article being advertised? This is important, because there are other articles concerned as well as projectors; I think we should have a definite answer to that question. It would be helpful.—A. Our general policy calls for the advertising of this stuff for sale, but I doubt whether the War Assets Corporation would be justified in spending money on a lot of advertising for one or two projectors.

The MEMBERS: Hear, hear!

Mr. MARQUIS: After materials have been declared surplus and so registered with the corporation is it the policy of War Assets to keep it at the local office or to arrange for distribution all over Canada?

The WITNESS: Might I repeat, if the entire supply of surplus falls into what we call the national significance sphere, then it will be redistributed by War Assets Corporation and would not all be sold, shall we say in British Columbia.

Mr. REID: There you have it, that national significance sphere. I should like to know what that means. National significance.

The WITNESS: That, Mr. Chairman, gives us quite a bit of difficulty and we are fighting our way through that as fast as possible. For instance, the national significance figure for shirts might be quite a bit different from the national significance figure for planes or projectors; and it varies with each particular item. Under the present arrangement a national significance figure has to be set for every type of merchandise we sell. That is the philosophy we are trying to follow.

Mr. MARQUIS: That would depend on the quantity you have to sell throughout the country.

The WITNESS: That is right.

Mr. GOLDING: In regard to this idea of advertising these commodities, you have told us that you have to take account of this national significance sphere and that it has to be made available in different parts of the country; what method would you take in advertising such a commodity? First, let me ask you this; how much would you receive for these projectors—approximately?—A. I could not tell you that. My only general answer to that is that we would receive the going market price.

Q. But approximately what would it be? What I am getting at is what system you would follow. Would you advertise it clear across the country; and if you did that, how much would it cost you to advertise an article of that kind?—A. In a case of a small item like one or two projectors I venture to say that we would not advertise.

The MEMBERS: Hear, hear!

The WITNESS: The cost of the advertising would not be warranted.

Mr. GOLDING: That is the thought I had in mind. We want to be fair to everybody. If you were to advertise them at all you would have to advertise them in such a way that everybody all over the country would know what you had for sale, and anything you might receive by way of return from such advertising would be more than offset by its cost.

The WITNESS: And aside from that, I think the number of replies we would have to make in replies to requests, if we were to send out a list, would cost us more to prepare than what we would get from the projectors, excluding all the advertising and everything.

The CHAIRMAN: Let us go on to the next question.

Mr. REID: If I am permitted to speak again on this question, Mr. Chairman: it is rather important. I realize you could not advertise every article, but take the question of projectors. There is nothing I know of in greater demand or so scarce as projectors, both sound projectors and still projectors. There is, as you know, a projector of a type which roughly sells for \$335, then there is the other type which projects sound as well which is priced around \$850. I do not suggest that War Assets could advertise one projector, but in any list of articles which they were offering for sale the fact that a projector was available could be included in such advertising at no great cost. You might have a wide range of articles to advertise. I do not think that anyone would suggest that War Assets advertise a single projector, or any other single item of that type, but when you were publishing a list of articles for sale you could include mention of an article of that type in the advertising. The same observation could apply to boats; when you are advertising a list of boats for sale what would there be to hinder you from putting in alongside of them an item which would indicate that you also have two projectors available.

Mr. McILRAITH: Are they not doing that now in some cases?

Mr. REID: Now, don't let us get confused. War Assets would not advertise a single projector, even one worth \$850, but there is no reason why they should not include it in a list of articles with respect to which they are putting out an advertisement.

Mr. GOLDING: Let us follow that through and take a whole lot of things, if you like. Let us suppose that you were to list them and advertise them in the papers; what would that cost you?

The WITNESS: We are preparing at the moment an arrangement whereby we are going to issue what we call box advertising, that is an advertisement of eight by ten inches—I do not know the exact amount of space which will be used—but that would be divided up into inch or two inch advertisements, each setting out a section of articles or items which we are offering for sale. It might be projectors, or any other item we have to offer. May I say, Mr. Chairman, that there is no reason to advertise projectors at the moment because everyone of them will be taken up by priority claim for some time yet.

Mr. STEWART: What is the situation with regard to the sale of projectors, and in that I include still projectors, the kind that are used to project ordinary slides?—A. I have no figure on that, but my general guess, based on general knowledge, is that it would be about the same situation.

Q. And what is the general policy of the War Assets Corporation on advertising; is it advertising in all the daily papers of the country, the weekly publications, the magazines and so on? Is there a policy on advertising?—A. We have a policy on advertising but I would like to prepare a statement on it for another meeting, if I may. It is quite involved and covers not only the theory but also the types of commodities and their location. For instance, it is no good advertising ocean going vessels in the middle west, or things of that type. We have a policy, but I should like to have time to prepare a studied answer to your question.

By Mr. Jackman:

Q. Where do you get the money with which to run the War Assets disposal corporation? Is there appropriation made for the purpose each fiscal year; and, if so, how much is it?—A. No. We obtain our money in two ways. Our expenditures are split into what we call operative expenses and administrative expenses. Operating expenses are carefully divided and we deduct those from the gross sales before making payments to the Receiver General. Administrative

expenses are covered by an order in council, I have forgotten the number, which authorizes us to deduct 5 per cent, or to take 5 per cent from the net proceeds of sales and to pay our administrative expenses out of that fund.

Q. Administrative expenses are confined to 5 per cent of the net proceeds of sales?—A. That is the money we receive to meet our administrative expenses.

Q. And the net proceeds of sales, are, of course, after your operating expenses are deducted from gross sales?—A. Correct. Up to the end of January our total operating expenses and our total administrative expenses were, very roughly, nine per cent of our sales.

Q. As disposal goes on you will expect the percentage to come down?—A. I would expect it to go down to a certain point, but after we have disposed of the major items, the bulk items, and are confined then to relative scrap items, materials which have very little commercial value, I would expect our related expenses to go up quite steeply.

Q. When you say winding up, that means when you have reached the end of your operations?—A. Quite.

Q. But when you are at your peak of sales you expect that figure to go down?—A. I expect that to go down considerably.

Q. To about four or five per cent?—A. I would hate to guess.

Q. But you have your guess and so have I.—A. I haven't, yet. May I add that nine per cent is the actual figure; that is not a guessed figure, that is the actual result for the fiscal year up to the end of January, 1946.

Q. In any case, there is no direct grant by Parliament for the carrying on of the War Assets Corporation?—A. No.

Q. How were you set up in the very first place, before you made a sale? That would help us considerably.—A. Originally I believe there was a sum of money, I think a half a million dollars, placed in the custody of the corporation to pay operating expenses until they got going.

Q. That has been repaid now, has it?—A. We had a cumulative debit balance up to the end of February, but I believe that our March figures will completely wash that out.

Q. That means that you did not sell as much as you required on that basis to meet operating expenses? A. The five per cent administrative cost, that allowance of five per cent for carrying administrative cost, was relatively a debit figure, a red figure in our books. By the end of March we expect to be in the black again.

Q. And the \$500,000 loan will be repaid. I asked you the other day if you could not give us some idea as to the total dollar value of assets which you expected would be declared surplus or had been declared surplus, but you could not give me the figure. I suggest that you could give me such a figure if you cared to. I know it must be a very general estimate in any case; but in the United States various periodicals have discussed the assets of their disposal corporation. They give fairly definite figures of the material that has been declared surplus, in dollar amounts, and how much is expected. For instance, I found one article which states that by mid-1947 the value of the surplus pool should reach forty-five to fifty billion dollars; and the article went on to say that it should bring so much on the dollar; and it also states that up to the beginning of 1946, twelve billion dollars worth had been declared surplus.

The CHAIRMAN: Does it state how much on the dollar, Mr. Jackman?

Mr. JACKMAN: Yes, it does, but I do not want to give these gentlemen too low a target—ten cents or fifteen cents on the dollar—but the situation over there is somewhat different to what it is here. However, are there any journalistic figures as to the total amount; give us the total amount of surplus turned over to you and how much you expect to have declared surplus by the departments. Let us

know, for instance, how much the stuff cost originally. I am not trying to use a double entry system on this, but I would like some kind of a general estimate to know what we are shooting at.

The WITNESS: And I, as president of the company, refuse to make any guess because I am quite sure any kind of a guess which I might attempt to make would be purely crystal gazing on my part. I know of no method by which we could arrive at a total. I have fought hard to try to arrive at a total because that total would then give me some specific objective to apply to the operations of the War Assets Corporation. But despite that I have been unable to make any estimate. What we have had to do is to make our organization, build our organization along such lines that when we feel that we are over the top, or a slow-off of surplus is coming to us, then we can start contracting our organization without affecting its fundamental principles at all. Alternatively we still have to leave it in such a way that we can expand indefinitely and very quickly to take care of any amount of stuff that may come along.

Q. Have you any statistical organization in connection with War Assets disposal corporation? A. Yes we have.

Q. How large is it? A. I do not know. I will take a note of that and give you the exact figure.

Q. What is their particular function? A. Their main function at the moment is to supply details of sales and expenses so that we as management can keep our fingers on the pulse.

Q. Would not your accounting department do that? A. It is all allied to the accounting department. They get their figures partly from the accounting department and partly from other sources.

Q. That is, you do not make any attempt to estimate the cost of the goods you have for sale, or are going to have for sale, you have no idea at all. A. I have no method of obtaining that figure.

Q. May I ask just what jurisdiction War Assets Disposal Corporation has over surplus assets in foreign countries? A. We have complete jurisdiction over them as they are reported to us as surplus, and not until they are reported to us as surplus.

Q. Do we have any assets in the United States? A. Yes. Those assets in the main, and to my knowledge, consist of sub-contractors' inventories where we have placed orders with a contractor in Canada for war materials and he in turn has a sub-contractor in the United States who has been supplying him with certain bits and pieces. Those bits and pieces on the termination of a contract become surplus and come into my hands.

Q. How do you handle the disposal of those assets? A. We have an arrangement with the United States government that we may dispose of those under our own steam.

Q. In the United States? A. Yes, and we have requested our sub-contractors in the United States to sell them for our account subject to them obtaining a certificate from the appropriate United States disposal officer that that sale is in parallel with and generally in accordance with the terms on which similar sales are made of surplus by the United States agency.

Q. Are we in turn giving such a certificate for American surplus assets in Canada? A. Not at the moment. I am in the process of discussing that with them now. I have no final detail on it yet.

Q. Is there any very substantial amount to be realized from these Canadian assets in the United States? A. I do not know the volume of them yet. We only get them as they appear. What the final total is I do not know. I would say it is comparatively small. In itself it may be a significant figure but compared to the total volume of surplus that we are now selling it is an insignificant—I should not say "insignificant", but rather not a very large proportion.

Q. Is it \$10,000,000 or \$50,000,000?—A. That I do not know.

Q. In regard to the surplus assets on the continent or in other fields of action what are you doing about those? What plans have you got, and what has been done?—A. Negotiations are presently under way relative to our surplus in Europe, and if I might be permitted not to make a statement on that until next week when the negotiations are completed I would prefer it that way.

Q. So far we have not disposed of any of the surplus on the continent?—A. We have disposed of quite a piece of the surplus on the continent.

Q. You have disposed of some?—A. Yes. As one indication of some of the things we have done we sold some considerable time ago a number of trucks to UNRRA, and we invoiced UNRRA for over \$5,000,000 for those trucks.

The CHAIRMAN: May I just interrupt for a moment, Mr. Jackman? I was hoping that the committee would allow Mr. Berry to clear up all the answers. There are six of them in number. I think it will probably be better in the long run if we stick to those questions and clean up the order paper. Do not misunderstand me. We will follow right along.

By Mr. Probe:

Q. My question is one that has to do with what Mr. Jackman was asking with respect to overseas. I wanted to know in connection with the negotiations of the War Assets Corporation with respect to overseas material if negotiations are being conducted with private individuals or are they being conducted with governments of the countries where these assets are presently stored or both?—A. I have no specific knowledge of any negotiations with private individuals in relation to these things. To my knowledge they have all been with either governments or government agencies or recognized relief agencies.

Q. And there is little likelihood of any of the surplus assets overseas coming back to this country for disposal, according to your policy?—A. Correct.

Q. Because it is not economic?—A. It does not appear to be commercially feasible to bring anything back from overseas, and I do not know that it appears in the interests of the public to bring it back.

By the Chairman:

Q. Will Mr. Berry be good enough now to go on with No. 3?—A. Another question that was raised at our last meeting, gentlemen, was in relation to the situation at Boundary Bay, and I said I would have a look at that one and see what was going on. I have a prepared statement here in the matter if I may read it.

Q. And that was Mr. Reid's question, I believe.

A. With reference to the questions asked on Tuesday, April 2, concerning Boundary Bay, B.C. I have now investigated the situation and find that joint action by both the R.C.A.F. and War Assets Corporation is being taken in the matter of surplus at this point.

The R.C.A.F. in consultation with War Assets Corporation made available to War Assets Corporation as temporary warehousing two hangars at Boundary Bay, after discussions with the Corporation which revealed that the Corporation was unable to obtain suitable warehousing space in the Vancouver district.

These two hangars are now in process of being staffed by War Assets Corporation, having previously been operated by the R.C.A.F. pending War Assets Corporation people being available.

Briefly, the situation is as follows:

1. The R.C.A.F. have an establishment at Vancouver known as No. 2 E Depot which is a permanent establishment and which is used by them for consolidating all their permanent force stores from the surrounding district.

As R.C.A.F. stores are returned to the No. 2 E Depot they are split primarily into two categories

- (a) those stores which are required by the R.C.A.F. for their own continuing use;
- (b) those stores which are surplus to their requirements.

In conjunction with the R.C.A.F., War Assets Corporation has just established a clearance team at the No. 2 Depot to take over and deal with the surplus which arises from day to day.

This surplus is now being segregated at the No. 2 E Depot and that which is scrap and is not saleable in its present form is sold on site and is not sent to warehousing. This effects a very substantial economy as can be visualized.

The balance of the surplus which is considered saleable by War Assets Corporation is then transferred to the two hangars at Boundary Bay and receipts are now being given to the R.C.A.F. for these shipments as they take place.

War Assets Corporation is therefore getting into a position where it can take an inventory of the material in the two hangars at Boundary Bay which was placed there by the R.C.A.F. prior to the establishment of the clearance team and the warehousing staff for these inventories, together with availability reports which arise from the operations of the clearance team at No. 2 E Depot at Vancouver. This material will be sent to the branch offices and made available for sale. This arrangement indicates the close co-operation between R.C.A.F. and War Assets Corporation, and is an indication that War Assets Corporation is accepting its responsibility as fast as it is able to obtain the necessary manpower and make its procedures effective.

Mr. REID: If I may be allowed to speak, Mr. Chairman, that report is at entire variance with the actual facts as I found them one week before I left for Ottawa, because I personally paid two visits to the Boundary Bay aerodrome. I checked it up with the War Assets Corporation in Vancouver. I asked those in charge in the Air Force and they said they had no War Assets official there. I asked in Vancouver and they said they had no knowledge or information of what was going on at Boundary Bay. The statement I made at the last meeting stands as is, that is, that the Air Force was taking this material and loading it. It would probably take three months or more, and after it was filled they would then transfer it to War Assets Corporation, but War Assets Corporation had no check. They had no man down there. Major Montgomery told me personally after I had visited him that they had no information as to what was going on at Boundary Bay. In view of the statement made by Mr. Berry I am challenging that statement right now, and that is according to personal information. It is not hearsay. The statement I made at our last meeting and the statement I am making today are not hearsay. They are statements on my responsibility as a member of parliament. If I have been misinformed through what the Air Force officials told me I will have something to say to the head of the Air Force when he comes before the committee, but I am putting it to you as the head of the War Assets Corporation at the moment, so as to keep the record in sequence and correct. The information given me by both your officials in Vancouver and the Air Force was that there was no official from your department taking check as to what was being loaded in there by the Air Force.

The WITNESS: Could I make one statement and ask one question? I should like to say that my statement I have just read was prepared in conjunction with the responsible officer of the R.C.A.F. who has knowledge of these facts. It is further borne out by a letter of instruction sent by the supply department manager of the War Assets Corporation to the regional supply manager at Vancouver. The date of that letter is March 15th. The question I would like to ask is who of the War Assets Corporation gave the member the information he has?

By Mr. Reid:

Q. Major Montgomery.—A. Could I point out to the member Major Montgomery is purely concerned with sales, and our man having knowledge of the facts out there is the regional supply manager and not the branch sales manager who very likely will know nothing about these operations until this surplus reaches him.

Mr. McILRAITH: What is the date of Mr. Reid's enquiry? He said a week before he left to come to Ottawa, but he did not tell us when he left to come to Ottawa.

Mr. REID: I can give you the exact date because I think the matter is worth looking into further. As a member of the committee and as a member of parliament I am not taking the statement given me now without further investigation of it because I paid personal visits to this place on two occasions. If Major Montgomery is not in charge I will accept Mr. Berry's statement that that is wrong, that the head of the War Assets Corporation for British Columbia is not the official I should have seen. It is rather confusing. I go to the head of the War Assets Corporation in Vancouver and ask him about it and now I am told he was not the proper official, that it is some other official.

The WITNESS: Major Montgomery is the branch manager in Vancouver. He is not the head man for War Assets Corporation in British Columbia.

Mr. REID: Then I will make this statement, that on the two days I visited Boundary Bay there was no War Assets official taking check. I will make that definite statement, and that contradicts the statement you have put in the record now.

Mr. McILRAITH: It does not necessarily contradict it at all. The member has refused to give the dates he is talking about. The statement is quite clear.

Mr. REID: If you think—

Mr. McILRAITH: If he wants to examine further that is probably what we should do, but he should surely give us the dates he is talking about.

Mr. REID: If you think the dates are important and if there is any quibbling on dates I will give you the dates.

Mr. McILRAITH: I think you should do that.

Mr. REID: I will give the dates in a moment. We will put them down on the record, and I will stand by the statement I have made. It is on the record.

Mr. McILRAITH: Let us have the dates.

Mr. REID: You will realize that I know a little more about it than you do.

Mr. McILRAITH: I do not know that my knowledge is in question at the moment. In view of this statement about Boundary Bay I have asked my friend if I may get the dates. I think that is a proper request.

Mr. REID: On March 7—that is one of the dates.

Mr. MARQUIS: Which year?

Mr. REID: Oh, "what year," he says! In the year of our Lord, 1946, and put after that "present year", too, so that we will get the whole thing straight. Let us make no mistake about it. In the year of our Lord, 1946, the month of March, the 4th, and in the year of our Lord, 1946, in the month of March, the 8th, I visited Major Montgomery. I hope that satisfies the minister's assistant.

Mr. McILRAITH: That is the point. Thank you very much.

Mr. REID: I will stand by my statement that on those days I was down there and there was no official of the War Assets there.

The WITNESS: Could I point out I have already mentioned in my evidence that the letter of instruction left our office under date of March 15th to Mr. Burke, regional supply manager, Vancouver, instructing them to go ahead with that establishment.

Mr. REID: I am not sure of the date I discussed the matter with you, but I did discuss that very matter with you personally when you came to my office on another matter. I drew it to your attention. I do not know whether you gave instructions to the office after you had seen me or not, but I hope you did.

The WITNESS: Could I ask that that statement be withdrawn, please? I rather take strong exception to that statement.

The CHAIRMAN: You can take exception, but I do not think there is any need to withdraw it.

Mr. REID: I am not withdrawing it. He can take exception if he likes.

Mr. McILRAITH: Let us understand the statement. The statement you have made is that the letter that went out from the office on March 15th did not, in fact go on March 15th but went sometime later after Mr. Berry had seen Mr. Reid when the house was in session.

Mr. REID: Let me ask Mr. Berry this question.

Mr. McILRAITH: That is the point. The witness has asked the chairman to clear up that point, and I think the chairman should deal with it one way or the other.

The CHAIRMAN: The chairman is quite prepared to deal with any question brought before the meeting at any time. I did not take it just that way. Mr. Reid did not intend to intimate that he questioned as to the date on which this was sent out.

Mr. REID: No, I am not questioning that at all. The question I asked Mr. Berry to clear up was this. I ask him now and he can answer this if he likes.

By Mr. Reid:

Q. Is the statement I have made to the committee not almost the same and, in fact, is the same as what I said to you privately in our conversation when I was drawing your attention to what I thought was wrong out there?—A. Yes.

Q. Exactly?—A. But I rather take exception to the suggestion—I believe I am correct in stating this—that as a result of that conversation which I believe took place not more than a week ago that I had this letter ante-dated and sent out instructions following that.

Q. No, no, I am not accusing you of that.—A. That is the implication I took from the statement.

Q. I am not accusing you of ante-dating it. I was merely asking you if that letter went out after I had discussed the matter with you and drew your attention to what was going on. Now you come forward with a report that the matter had been attended to and everything is fine out there. I still make the statement that on the days I visited Boundary Bay airport—and take this down again and take it right—on the two days I visited the airport at Boundary Bay there was no official of War Assets Corporation taking any check of the material that was coming off the trucks, the airforce trucks.

By Mr. Golding:

Q. In order to straighten this out that letter of Mr. Berry's went out on the 15th of March?—A. The letter is dated the 15th of March.

Q. Can you tell us now on what date you had the discussion with Mr. Reid?—A. About a week ago, I believe.

Mr. McILRAITH: It was one of the days that the War Expenditures was sitting, and it was not on Tuesday of this week.

Mr. REID: Mr. McIlraith knows when the visit took place because I drew the matter to his attention. I made the same statement to him. The statement is clear because it is a matter of personal experience of what a man has seen. That is different from hearsay.

By Mr. Golding:

Q. But we should clear this up definitely. The conversation that you had with Mr. Reid, which you seem to think was about a week ago, had nothing at all to do with the letter you sent out on March 15th? Is that not right?—A. I did not even know this letter had gone out until I started to investigate the thing yesterday to find the answer for Mr. Reid. When I came to investigate and consult with the officers of the Corporation responsible for this type of operation I then found that this letter of instructions had been written on March 15th.

By Mr. Reid:

Q. What is the date of the information you gave us this morning? When did you receive that information from Vancouver that there was close co-operation between your department and the officials of the air force, that that is now in effect?—A. I got that information in a discussion with the R.C.A.F. yesterday.

MR. REID: Then there may be no more difficulty because when I made the charge to Mr. Berry I was speaking of something which I had witnessed on the two dates given. Now Mr. Berry comes forward and tells us that his information as of yesterday is that there is close co-operation between them. There may be. I would not be foolish enough to argue because I do not know, but I am warning the committee and Mr. Berry that I will certainly see if it is so when I go back at Easter.

MR. BRADETTE: Apparently the strongest part of the argument of Mr. Reid is that he believes and he found out when he was on the ground there in Vancouver that there was no check-off.

The CHAIRMAN: Right.

MR. BRADETTE: I should like Mr. Reid to elaborate as to what he bases his argument on to that effect because surely it would be possible for the R.C.A.F. and the War Assets Corporation with the officers they have to be aware of what was going on and whether there was a certain amount of stuff in the warehouse. There should have been some check-up at some time somewhere.

MR. REID: I will tell you what I base my argument on. It is this. In speaking to Major Montgomery—and I do not want to bring the names of officials into it or cast any reflection because I go to them for information—my information was when they started to dispose of the Boeing aircraft plant the officials of the department out there immediately put guards on the plant and put in men to check over all machines in that great Boeing aircraft plant. Then when it came to the case of Boundary Bay I wanted to know if a check-off was taking place at Boundary Bay and he said “no”. He said, “We have no information on Boundary Bay”. People were looking at the great quantities of material that were going to Boundary Bay and were asking War Assets Corporation and myself as member why they could not purchase some of that material. As I say, when I investigated I found thousands of articles such as chairs, tables and beds. Naturally I went further and went to War Assets Corporation in Vancouver. I thought the official to ask was Major Montgomery, the head manager in charge, that he would have some information, because he had information on the Boeing plant and all the other plants in which they were taking inventory. I understood from him, and I understood from Mr. Berry, that they could not accept the tickets that would be handed to them by the air force and that they themselves would have to go in and take a complete check to see that the numbers given by the air force were correct. What I suggested was why not have a man down at the airport from War Assets Corporation who will take a check on behalf of War Assets Corporation and so save time?

Mr. BRADETTE: I hope that Mr. Stewart will check me up as he is a chartered accountant, but surely there must have been a following-up process from that original check-off at the time of delivery in those warehouses. There should have been liaison there some place.

Mr. REID: There should have been. That was my contention. Now Mr. Berry tells us that within perhaps three or four days there is that kind of thing taking place and if so I am very pleased because there should have been from the start.

Mr. JACKMAN: May I ask if these assets were declared surplus before that or stored by the R.C.A.F. in the hangars?

By Mr. Golding:

Q. When did they come into the possession of War Assets Corporation?—
A. That is a little difficult to answer right now. I would have to check with both the air force and with my own people.

Mr. JACKMAN: I should like to understand exactly what the underlying facts are. I would ask Mr. Reid if he knows whether the chairs, beds, and things which were being stored in the R.C.A.F. hangar had already been declared surplus assets.

Mr. REID: To my knowledge they had not been declared surplus.

Mr. JACKMAN: I do not understand why War Assets Corporation comes into it until they are declared surplus although I can see it would be a good thing to have liaison, but you just cannot have liaison everywhere.

Mr. REID: If you will read the minutes of our last meeting you will find I made this suggestion when making my statement, that if no check-off takes place by War Assets then when it is turned over to War Assets as Mr. Berry has pointed out to me, and I think I am correct when I state it, they could not accept the papers handed over by the R.C.A.F. to them. They themselves would have to make a check. For instance, suppose it said there were 50 typewriters, for the sake of argument. Suppose the tally sheet showed there were 50 typewriters; War Assets would have to go and count them because there might be only 48.

Mr. JACKMAN: How does War Assets know that any of this material will be declared surplus?

Mr. REID: How do they know?

Mr. JACKMAN: We cannot expect War Assets Corporation to know. I am not trying to find fault. I am trying to find what the facts are behind it. War Assets Corporation cannot be expected to know the inventory of every article every time it is moved by one of the service departments. It may or may not be declared surplus at a subsequent time, you see.

Mr. REID: That may be so, but my suggestion to this committee last time—

Mr. JACKMAN: I am just asking for the facts. What is the story? Every time a service department moves something War Assets cannot be expected to make a check.

The CHAIRMAN: You might remember we have a reporter here who is endeavouring to take accurate notes. We do not want a report of a lot of private conversation being carried on between two members.

Mr. JACKMAN: This is not a private conversation. I am asking for elucidation as to what the facts are, what the system is. Every time that one of the service departments moves some of their articles about during 1946 or 1947 is it reasonable to expect that a representative of War Assets is going to be there to inventory the material? I thought that Mr. Reid might throw some clarification on that in respect of the particular instance at Boundary Bay.

Mr. REID: I was endeavouring to do that but it is only now you have clarified your question. When you first spoke your question was not as clear as it is now, but since you have clarified your question perhaps I can clarify my answer. I do not know what the procedure is as between War Assets and the officials of the Department of National Defence. When I started to go into it last time my attention was drawn to the fact that we had before us Mr. Berry, and I would have to wait until these officials of the department came before us. I deferred my statement, but the point that I was trying to make to Mr. Berry was that if the principle or practice which was in effect in British Columbia, as I saw it, was that the air force—and I am citing the air force just as an example—had a certain length of time to gather material from various camps and places to one particular airdrome and as the airdrome became filled up they would then in turn turn it over to War Assets and War Assets would then have to take an inventory all over again. I said that would take months and months. That was my argument.

Mr. JACKMAN: I agree with you, but perhaps Mr. Berry can throw some light on it from here on. How did he know it was going to be declared surplus?

Mr. REID: What else are they holding it for? The air force said it was surplus they were gathering. I asked them that.

Mr. JACKMAN: I asked you that before and you said you did not know.

Mr. REID: They would not tell the War Assets official but they told me it was surplus material.

Mr. JACKMAN: That is the point I asked in the first place.

Mr. PROBE: We should know whether or not this was declared surplus after Mr. Reid's conversation with Mr. Berry or if it had been declared surplus some months before, because if it was declared surplus some months before then his officials are at fault definitely. If not, he can wash his hands of it for the time being and say that it was not their fault as the air force did not tell them. I think we should know that.

Mr. GOLDING: Mr. Chairman, actually War Assets does not come into the picture until the surplus is declared and you are notified what the surplus is. Is that not the picture?

Mr. REID: Mr. Chairman, I want to make this statement: if you will read the minutes of this meeting you will find that I did make the statement that when Mr. Berry was away attending this meeting of directors I wanted the officials of the air force and the army to come before the committee. My purpose in bringing that matter up was with a view to expediting our work and getting a closer cooperation between the military authorities, and I do want to have something from the military authorities regarding their position.

The CHAIRMAN: Shall we go on to the next question, gentlemen?

Mr. GOLDING: No, let us clean this up. When does it come into the possession of War Assets?

Mr. REID: When did it come into their possession?

Mr. GOLDING: I mean by that when is anything declared surplus.

The WITNESS: I think to give you the correct answer to that I should quote from the surplus Crown Assets Act.

Mr. GOLDING: That is the point we want to get cleared up.

By Mr. Jackman:

Q. Just what is the method?—A. Speaking from memory, I am afraid I haven't got a copy of the Act here and I stand to be corrected on my statement, War Assets Corporation becomes responsible for material when it takes posses-

sion of that material either by order of the Minister of Reconstruction and Supply, or under its own steam. That is not the exact legal wording of the Act, but I think that is the essence of it.

Q. What is the proceeding for turning over surplus war assets; do the service departments notify you that they no longer want such and such articles, they are stored at such and such a place, come and take possession. What is the routine?—A. This goes back quite a ways, there is quite a long history attached to it. The War Assets Corporation until recently was not in a position to obtain personnel fast enough to take over all the surplus, that was reported surplus, as it was reported surplus.

Q. That is to take final possession?—A. To take final possession. Because of the expansion of our supply department and the organization of that supply department, we are now in a position where we are establishing our own warehouses in which our warehousing people can take in such things and carry out a classified inventory. We also have our clearance teams which go into a building and clear the material in that building and then ship it to one of our warehouses. This particular one at Boundary Bay is now to be a combined operation between warehousing and clearance. As I stated in my brief, the R.C.A.F. have now made available on loan two hangars at Boundary Bay which now will constitute War Assets Corporation warehouses, and at their No. 2 depot they are bringing in and consolidating in one permanent place everything they require for continued operation. We have at their No. 2 Depot a plant clearance team which segregates the stuff in the depot and ships some of the stuff to warehouse with us, materials that are saleable; anything that is not saleable they sell there instead of paying transportation to warehouses.

Mr. PROBE: Is that the outcome of a particular method?

The WITNESS: The start of that move is in this letter of March 15, which sends instructions from the head office supply department to the regional supply manager in Vancouver.

Mr. REID: Might I ask have you close cooperation now between your department and the officials at the airport at Boundary Bay, and have you a clearance team or any other kind of a team in there at the moment; and my second question is, has anything in Boundary Bay been yet declared surplus? Might I have an answer to those questions?

The WITNESS: I will get the answer to those questions, Mr. Chairman.

Mr. GOLDING: Mr. Chairman, I would just like to follow this through.

The WITNESS: Might I continue by saying that during the period where War Assets Corporation was not in a position to take custody of these surpluses as they were reported to the corporation, the forces used these warehouses to get that surplus out of their way, and you will find that they put this surplus into one of their buildings, or one of their hangars in the case of the air force, pending the time we could obtain people physically to take it over and find out what there is.

By Mr. Golding:

Q. Yes, but I would like just to follow this up. Is it not a fact that when you take over a school or a camp or any place of that kind that before you take it over it must first be declared surplus through the war allocations company.—A. Yes.

Q. And then if any government departments require any of those commodities or buildings they have a right to take them before they are declared surplus?—A. Yes, the custodian department only. And then what they do not need is given to War Assets for disposal? Is not that the system which is followed?—A. That is very general.

Q. It is all given to War Assets?—A. It is all given to War Assets Corporation when it is surplus to requirement in any one government department.

Q. Yes, but who decides what; who gives the department the opportunity of stepping in there?

Mr. COTE: How does the Crown Assets Allocation Committee get into the picture?

The WITNESS: The Crown Assets Allocation Committee is the committee which recommends to the minister of reconstruction and supply the general policy under which surplus shall be handled and disposed of. It is a non-functional body, it is a policy body entirely.

By Mr. Golding:

Q. But you see I have had some correspondence about equipment of this sort in connection with the schools and camps up in our county, there are four or five such places in our county. I was advised that it would be referred to the War Assets Allocation Committee and that if the departments did not want any of it, then it would eventually be passed over to your organization.—

A. That is relatively correct. If these schools came into one of the priority brackets, then they would make application to the Crown Assets Allocation committee for a priority, for a relatively correct priority on the materials they required. The Crown Assets Allocation Committee would then forward that request for priority, to War Assets Corporation so that when the specific material was declared surplus War Assets would match up that priority request and try to comply with the request and see still whether they still wanted it or not.

By Mr. Stewart:

Q. What happens in a case where the minister of supplies is called, to lease, lend, sell or otherwise dispose of a plant, buildings or equipment on location? Where does the minister get this asset from? From the Crown assets allocation committee or from the War Assets Corporation? How does he decide that he is going to sell outside of the corporation?—A. He would give instructions to the corporation, that being the only sales agency of the government.

Q. Take the case of the R.E.L. plant, were those buildings sold or disposed of without the knowledge of the War Assets Corporation?—A. I have no knowledge of that having been done.

Q. What is that?—A. I have no knowledge of that.

Mr. McILRAITH: Who was the purchaser?

Mr. STEWART: The Corning Glass Company.

The WITNESS: That plant was sold through the War Assets Corporation. The sale was documented by the War Assets Corporation.

By Mr. Reid:

Q. Might I ask Mr. Berry one other question, Mr. Chairman? I think Mr. Berry rather intimated that part of that material had been taken over by his corporation, part of the Boundary Bay material, had been declared surplus. Could he tell us from whom with respect to British Columbia—let us be specific and say Vancouver—one must seek information regarding that material?—A. I was hopeful, gentlemen, that in my original brief on Tuesday I had made it quite clear that the supply department was the custodian section of War Assets Corporation for all surplus and that the merchandising department was concerned only with the sale of merchandise prepared for sale by the supply department. If any information is required as regards the material being

declared surplus or not, then the supply departments are the first ones who have knowledge of that fact. The sales department only receives knowledge of that at the time the supply department tell them.

Q. Who is the official of the supply department in British Columbia?—A. The regional supply manager for British Columbia is Mr. E. M. Bourque.

Q. And to whom is he responsible, Montreal or yourself?—A. He is responsible to Mr. H. M. Malley, vice-president in charge of supply at Ottawa.

By Mr. Marquis:

Q. Is it not the policy of War Assets Corporation in taking a plant over to have their representatives confer with a representative of the department concerned and check over all the articles being declared surplus before those articles are actually turned over to War Assets?—A. In the case of a plant we may get what we call a blanket declaration of surplus covering one complete entity, the entire contents of the plant. We then send a plant clearance team in and take a joint inventory of the contents of that plant with the man who has been operating the plant. When we have that joint inventory we then give him a signature for the inventory as it stands and we take that stuff out of his plant and either sell it or put it in warehouse.

Q. Did you do that in the case to which Mr. Reid referred, Boundary Bay.—A. The same principle is operating there as I have stated previously in my prepared statement.

The CHAIRMAN: If there are no other questions on this particular item we will pass on to the question raised by Mr. Golding and Mr. Stewart, Mr. Probe and other members relating to trucks and cars.

The WITNESS: I believe the question was, Mr. Chairman, how many trucks and cars have been sold by War Assets Corporation. We have actually sold 16,460.

By Mr. Probe:

Q. New, used or both?—A. That is the combined total, new and used. I have some other figures which I will be glad to give the committee.

Q. Are these trucks or cars?—A. Trucks and cars. There has been declared a surplus, according to our records, of 9,176 used cars and 13,492 new cars and trucks. These are cars and trucks, gentlemen.

The CHAIRMAN: Have you a breakdown?

The WITNESS: Of that total we have sold 16,460, and the balance on hand at the moment is 6,079 new trucks and 129 used trucks and cars. I should say trucks and cars in each case, gentlemen. Of the 6,079 which are indicated as still being in our hands, new, 819 of these are complete vehicles and 5,260 of them are not complete vehicles; they consist of vehicles in what we call a completely knocked down form, and they may be short axles, or they may be short bodies, or may be short cabs, or they may be short other things, which under the arrangement during the war were to be supplied where they were to be used.

By Mr. Jackman:

Q. You have substantially 5,000 complete cars?—A. Very possibly not, for instance—

Q. Have you ordered the missing axles then?—A. No.

Q. Why isn't something of that kind done so that we can get these things on to the market before production has brought about a surplus?—A. In this particular case these trucks are in the main what are known as the army four-wheel drive trucks which are a military pattern only.

Q. What kind of a pattern?—A. A military pattern.

Q. You mean they are going to be completely scrapped?—A. No. We are at the moment negotiating for the sale of them at a very good return as they sit.

Q. Are you negotiating with the manufacturer?—A. Partially with the manufacturer and partially with outside interests. These are trucks which are not very well suited to the domestic market. They are the four by four military type of machine.

Q. Then there really is no domestic market for them as is?—A. No.

By Mr. Stewart:

Q. When trucks are sold to manufacturers, am I correct in assuming that the manufacturer sells them to the federal government and makes a profit and the federal government sells them back to the manufacturer, who will in turn sell them to someone else, and the manufacturer will make another profit? Is that right? In other words, does the manufacturer make two profits out of this material that is turned back to him?—A. It is quite likely he will make that.

Q. That is a profitable business—A. The second profit would be relatively using him as a release of our own war assets, getting rid of them.

Q. But he would still make a profit out of the second deal?—A. Quite possibly.

MR. BENIDICKSON: I think Mr. Berry told the Veterans Affairs committee that there was an arrangement by which the manufacturers got the new trucks back again, but I do not think we had any terms of sale. What are the terms of sale of new trucks, unused trucks? We heard at the last session the terms of sale of used trucks, what were the terms of sale of the unused trucks?

THE WITNESS: I am not prepared to answer. I haven't got that detail. I will be glad to prepare an answer. I will tell you that it will vary from case to case.

MR. BRADETTE: I would like to bring to your attention the case of farmers and other people up in my district who are anxious to get trucks of this type. I understand that some 1,200 trucks were returned to the Chrysler Corporation for distribution through their dealer organization, but so far the farmers up in our district have not been able to get a single one of them. I am not sure at the moment whether they were Chrysler made trucks or whether they were Chevrolet trucks. There was considerable criticism over the matter, the general feeling being that if a farmer or veteran is located at a considerable distance from a dealer point he just can't get them. I wonder if Mr. Berry could tell us what happened in connection with that particular group of 1,200 trucks to which I have referred? I understand that they were turned back to the Chrysler Corporation for distribution.

THE WITNESS: In the case of those particular trucks, I think you are right, there were twelve hundred of them, they were all manufactured by Chrysler.

By Mr. Bradette:

Q. They were all manufactured by Chrysler?—A. Yes.

Q. They were sent back to the Chrysler people for resale and distribution.—A. That is correct.

Q. Would the matter of location or distance be a handicap to farmers, for instance, in obtaining those trucks?—A. I do not think so.

Q. One of the reasons I am asking that question is that up in my section we are some considerable distance from Toronto and there are no Chrysler dealers.—A. I believe the Chrysler Corporation circularized all their dealers and asked them how many of these trucks they would like to buy. As to how many replies they got, I do not know.

By Mr. Probe:

Q. May I ask a supplementary question at this stage? Mr. Berry has outlined the policy with respect to the disposal of new vehicles by War Assets Corporation in which the manufacturer is given first chance, shall we say; that is right, isn't it?—A. Yes.

Q. Now there is a considerable demand for vehicles and under the present private enterprise set up — we do not quarrel with the use of the dealer channel, but when trucks and vehicles get in general supply War Assets Corporation may find themselves in the position of holding the bag; that is they may still have to dispose of 10,000 or more; they probably will. Is there some assurance that the manufacturers who are now taking these vehicles when there is a big demand and a strong market will continue when there is no longer this strong demand and take the balance of your unused vehicles?

An Honourable MEMBER: At a price.

Mr. PROBE: At a price, yes. I am not saying that you are not doing good business. I am not quarrelling with your direction of your business because it is done in accordance with our modern methods; but the real question about the policy is whether or not you have some assurance that they will take over all the new vehicles from you ultimately. Now, I would like to have some assurance for this committee on that point; as to whether the matter has been discussed between yourselves and the manufacturers; if not, it is time safeguards were set up.

The CHAIRMAN: Order, gentlemen.

The WITNESS: I would like to say in reply to that one, gentlemen, that we have no guarantee from the dealers that they will take any residue of our trucks; and what is more when we have asked the manufacturers to merchandise some of these trucks for us we have practically to beg them to do this because in ninety-nine per cent of the cases they do not want to touch them. Even at the present time they do not want to touch them.

Mr. REID: May I take up this question regarding trucks and cars? He pointed out that over six thousand of them were new cars and trucks. My question to Mr. Berry is this: where are these trucks and cars located; have they been sent out from the factory; are they located in some depots or are they still in the hands of the manufacturers but the responsibility of the government? It would be interesting to know if these cars have been sent out, or whether they are still with the manufacturers or whether they are in various depots.

The WITNESS: In the main these cars and trucks are located at railside dumps which were established during the war to provide a stopping off place between boats for the volume of trucks we were producing; and they are, I cannot say all, but pretty nearly all, in boxes sitting alongside railways waiting for shipment.

Mr. BRADETTE: Mr. Probe may have the solution to that question. He mentioned that we are dealing at the present time under the so-called private enterprise system.

Mr. PROBE: I have my own solution, but it is not acceptable to this committee, and I am not here to make a political speech. I feel as a member of the committee, Mr. Chairman, that War Assets has a distinct liability to the public of Canada and if they have assumed the onus of carrying on under the old principles that is their responsibility. It seems to me that they are going to find difficulty in disposing of all of the vehicles which may come into their possession by that means.

Mr. JACKMAN: May I just say a word in that regard, that we are interested in labour as well as in the motor car industry. I doubt very much whether there

is a surplus of labour on the market; or, let me put it this way, if the rate of production is going to be slowed down with the result that men have to be laid off I do not think the unions will be very much in favour of it. I do agree with Mr. Berry in regard to the automobile dealers wanting to get as much of this surplus saleable material as possible in as short a time as possible in order to get it off the market. I understood him to say just a moment ago that even now the automobile dealers more or less had to be persuaded to take these trucks.

The WITNESS: I was referring to Mr. Probe's remarks relative to manufacturers rather than the dealers.

Mr. PROBE: The dealers are very anxious to get them.

Mr. STEWART: May I make an observation with regard to the figures given to us by Mr. Berry, I notice that they do not add up.

Mr. PROBE: Yes they do add up.

Mr. STEWART: You just check them over again. I think you will find I am right. I would like to know what the average vehicle cost the federal government, and also the price at which they were sold to the manufacturer.

The WITNESS: I may be able to get you an answer to that, I am not quite sure.

Mr. PROBE: I have a question of which I would like Mr. Berry to take notice; how much has been paid for freight or other carriage by the War Assets Corporation on material declared surplus and moved from province to province. —I will give you the questions—(a) on material being concentrated by War Assets; and (b) on deliveries by War Assets to the buyer or dealer.

The WITNESS: Mr. Chairman, it is going to take us days, and days, and days of work to get an answer to a question of that type. I would suggest, unless there is some real reason for the question, that you do not ask me to work up answers of that kind. It is a tremendous job. Would Mr. Probe be satisfied to get an outline of the circumstances?

Mr. BENEDICKSON: That sort of thing might be answered generally rather than in detail.

Mr. PROBE: If it is a small amount I am not interested at all; that is, if there are a few isolated cases. If, however, the cost is excessive then you must have records covering it and I feel that this committee should be entitled to have an answer because if it is being moved,—take for example to Timmins, where they are finding difficulty in getting vehicles—it may be that vehicles are being moved, in bulk, in quantity, from here to Saskatchewan. For example, in Saskatchewan a lot of material is being sent all the way to Montreal although there is plenty of material in Saskatchewan to serve the purpose of the buyer only the buyer is not able to get the Saskatchewan material. If it is a mere incident of operation I am not interested, but if it is a bulk item you must have it in considerable detail. If it is a minor thing then of course you can answer and say that the amount involved is negligible and that would satisfy me, if the amount involved is negligible.

The WITNESS: The only point I wish to make is that our records are set up to reflect certain statistics and they are carried in that way and unless the statistics requested fall within the general direction of our accounts and records then it becomes a mammoth task to pick them out and segregate the whole thing.

Mr. JACKMAN: Perhaps we should find out exactly how the concentration of supplies is carried out then the War Assets Corporation could very well gauge what Mr. Probe has in mind. That might satisfy him. You have to get a concentration of assets before you are in a position to dispose of them for the purposes of the trade, and then in certain instances I can appreciate how it may

be necessary to disburse them for distribution. Then, too, the services themselves had done a certain amount of concentration before these commodities were turned over to War Assets at all.

Mr. BRADETTE: I must confess that I do not quite see the point of Mr. Probe's question. Sales of these commodities are made all over the country, and it is pretty well known to be general business practice that the purchaser pays the cost of transportation from the point of sale. I take it that that statement would apply to an operation of that kind with the result that War Assets Corporation is not out any money in connection with the cost of delivery after the sale has been made. That is pretty well known general business practice from one end of the country to another.

Mr. PROBE: That may be, but that is what I want to find out.

By Mr. Reid:

Q. In the disposal of new cars do priorities apply, do the same priorities apply with respect to the vehicles which you are offering for sale as would apply to an individual who is trying to buy a car on the open market at the present time from a dealer. In order to obtain a new car right now you must be in a preferred priority group. In the disposal of new cars in your department do the same regulations apply?—A. One of the reasons for passing new cars and trucks through the hands of the dealers is so that the provisions of the motor vehicles controller's orders may be complied with in getting these cars into the hands of essential users.

Mr. JACKMAN: May I ask—

The CHAIRMAN: I want to dispose of Mr. Probe's question first. As already stated by the witness it will mean a lot of work.

Mr. PROBE: I am prepared to leave it for a few days and he can give this committee a report on the possibility of answering it surely that will satisfy the committee, because our job is to investigate waste, extravagance or economies. If I can pat Mr. Berry on the back I will be happy to do so. At the moment I am not just ready to do so.

The CHAIRMAN: Mr. Jackman?

By Mr. Jackman:

Q. I should like to ask Mr. Berry a question in connection with the small number of motor vehicles which have been turned over to War Assets Corporation, namely 22,668. Has he any idea how many more he is likely to have to sell? I ask this question having particular reference to the fact I well recall in the summer of 1943 being down at Oshawa to attend the coming off the line of the 500,000th motor vehicle manufactured by Canadian automotive manufacturers. That was two years before the war ended so I suppose we had another half a million more before we were through. Granted a lot of those vehicles were exclusively war vehicles and not fitted for any other purpose; granted a lot of them were destroyed in action, although probably not very many, and granted also there are a goodly number in Europe at the present time, where are the balance?—A. I think I should add the figure of 16,460 only represents cars and trucks in Canada. It does not represent vehicles overseas.

Q. I deducted all those and I still arrive at a theoretical calculation which would indicate to me there are far more in Canada?—A. As far as I know the figures I have given you for new trucks and cars represent the total that I expect to receive.

Q. You mean new cars?—A. New cars and trucks.

Q. That is 13,492?—A. 13,492 represents the total. The balance of the cars and trucks were shipped out of the country for war purposes.

Q. You must have an awful stack of them—A. I have the facts on this matter because I was the director-general of automotive and tank production during the war period. Just to illustrate this, we established with the United Kingdom a bank of trucks that we were carrying in Canada for the supply of the fighting forces of all allied nations and we agreed that bank would be held to 30,000 vehicles. Towards the termination of the war—

Q. That was the Canadian deposit in the bank or the whole bank?—A. That was the number we were carrying in the bank in Canada. The reason for that bank was so that if shipping space came available in a hurry we could get trucks into that shipping space, as they are a very convenient form of cargo, and we did not want to waste any shipping space during the war days. That was one of the reasons. The other reason was that somebody might want trucks, and quite a number of them in a hurry for any campaign that was opening up or anything that was likely to happen. Of that 30,000 trucks by the end of the war we had gradually cut down and cut down on that bank and reduced our rate of production until at the end of the war while I do not think this 16,000 represents the overall total that was here at the end of the war relatively it was not very much greater than that. So that I do not expect to get more than 13,492 new trucks.

Q. That is all you expect to get?—A. That is relatively all I expect to get, but on the used trucks I do not know how many I will be getting. That again is dependent on how many the armed forces find are surplus to their requirements.

Q. But did we not have a lot of cars and trucks available for the Pacific theatre which we never got into because of the shortness of the war? What happened to the total vehicle production which was set out in these booklets of the Department of Munitions and Supply during the war? Was it a million and a half motor vehicles turned out by Canada?

Mr. McILRAITH: I think that great numbers of them were sold.

The WITNESS: I think roughly 970,000 from memory. I think that is about the figure.

By Mr. Bradette:

Q. War Assets Corporation would not have any unless you are told how much is going to be turned over to your department?—A. Correct. I believe the new trucks and cars, 13,492, represent all that will be coming into my hands. I believe that is about the total I will be getting.

By Mr. Jackman:

Q. In other words, you are practically through?—A. On new cars and trucks. I am hopeful that within the next month I will have sold all the new cars and trucks including the ones which are not complete, which are in knocked-down form and require a plant for assembly, and all the rest of it.

Q. It would include those?—A. I am hoping those will all be sold within the next month.

Q. Have you any idea as to what has happened to the nine hundred and some odd thousand motor vehicles which were manufactured in Canada?

Mr. BRADETTE: He cannot know until they are declared surplus.

Mr. McILRAITH: They went to Russia and Great Britain.

The WITNESS: As director-general of the automotive and tank production branch I did have a complete record of where these cars and trucks were shipped to. They were shipped to all parts of the globe for the use of the armed forces. Towards the end of the war the major part of them was going to India for the Pacific theatre.

By Mr. Jackman:

Q. And they were sold or given on mutual aid, or something of that description, most of them?—A. Yes.

Q. Do you suspect there are a great many of those vehicles being held by the armed services for future use? I understand that our army or the American army seal them in some kind of rubber containers, or something?—A. That I do not know.

By Mr. Reid:

Q. My question was this. Have there been any instances of officials of UNRRA stepping in and taking possession of the vehicles or boats or other materials for shipment abroad?—A. No, anything that UNRRA has obtained from us out of surplus has been sold to them by War Assets Corporation.

Q. And they bid on them the same as a municipality or a provincial government, or have they a priority?—A. No. In some cases it has been a direct negotiated sale with UNRRA. I think I might point out in the case of these trucks that we did anticipate in the early days that truck production in Canada would get under way very quickly, but unfortunately due to labour trouble and the strikes in the United States production did not run as fast as it should have done. We did follow the policy of exporting as many of the new trucks, particularly the military type, as we could so that we would not interfere with employment in the truck industry in Canada pending the introduction of passenger cars into production. We felt that a lot of employment would be taken up filling up the vacuum in the domestic market on the trucks while they were getting ready to put passenger cars in. When we found there was a delay in getting into production on the trucks and that we were not getting the volume we then switched over for domestic sale, for example, 1,200 trucks of Chrysler manufacture for distribution in the domestic market, and we had to cancel one order we had taken for the export of those trucks to do that. It was not anticipated there would be a shortage for any length of time in the domestic market for trucks.

By Mr. Jackman:

Q. How long do you think it will take to get rid of the 6,079 new cars on hand?—A. I am hoping those will all be gone within the next month.

Q. So all you will have will be used cars and any further surplus declared by the services?—A. Yes.

By the Chairman:

Q. Will you go on to the next question?—A. The next one was the question of the sale of the Naugatuck Chemicals Limited.

Q. As Mr. Stewart is not here I think that in fairness to him we should pass on to No. 6.—A. Disposal of lands and buildings. I promised to bring a statement of certain buildings and lands that had been sold by War Assets Corporation and distribute that to members of the committee so they could pick out individual ones they would like to ask questions about. I should like to say here that within the last twenty-four hours I have been through quite a number of the files relative to these deals, and we have brought about ten of them over here just to indicate the volume of paper work that is involved in the ten deals. I have stuck the files in my bag.

Mr. BRADETTE: Let the members go through them.

The WITNESS: So if any questions are asked relative to any one specific deal it will take me some little time to extract all the relevant information and get it written down.

Name of Plant or Building	Location	Purchaser	Date Built	Date Sold	Original Cost		Sale Price		Recovery
					\$	cts.	\$	cts.	%
Aluminum Goods Ltd.	Toronto, Ont.	Canadian Triangle Wire and Cable Co., Toronto.	Sept. 1940	Jan. 6, 1945	157,299	68	80,000	00	50.86
Ayerst, McKenna & Harrison Ltd.	St. Laurent, P.Q.	Ayerst, McKenna & Harrison, Montreal, P.Q.	Nov. 1943	Mar. 11, 1946	710,681	27	200,000	00	28.1
Canadian Pacific Railway Co.	Angus Shops, Montreal	Custodian	June 1940	Mar. 27, 1946	319,092	73	90,000	00	28.2
Canadian Locomotive Co. Ltd.	Kingston, Ont.	Custodian	Sept. 1940	April 18, 1945	322,465	40	175,000	00	54.27
Canada Strip Mill Ltd.	New Toronto	American American Brass Co. Ltd.	Sept. 1940	Aug. 31, 1945	1,022,047	14	455,000	00	45.0
Central Aircraft	London, Ont.	Somerville Ltd., London, Ont.	Nov. 1940	Dec. 15, 1945	1,594,408	96	450,000	00	28.2
Crane Ltd.	Montreal	Custodian	Feb. 1940	Dec. 19, 1945	53,444	67	5,000	00	9.35
Creswell-Pomeroy Ltd.	Montreal	Creswell Roll Forming Co., Montreal.	Sept. 1940	Dec. 14, 1945	62,644	61	27,000	00	43.1
Dominion Foundries and Steel Ltd.	Hamilton.	Custodian	Aug. 1940	Mar. 29, 1946	141,004	23	5,000	00	3.55
Defence Industries Ltd.	Beloeil, Que.	Canadian Industries Ltd.	Feb. 1941	Feb. 1946	1,998	42	800	00	40.02
Dominion Engineering Works Ltd.	Longueuil, P.Q.	Dom. Engineering Works Ltd., Montreal.	Dec. 1940	Nov. 30, 1945	134,234	06	64,975	00	48.4
Dom. Magnesium Ltd.	Halkey's Corners, Ont.	Dom. Magnesium Ltd., Toronto.	Sept. 1942	June 30, 1945	3,461,860	73	1,400,000	00	40.44
Dom. Twist Drill Ltd.	Walkerville, Ont.	Custodian	May 1941	Mar. 19, 1946	24,920	65	9,000	00	36.11
Electric Reduction Co. of Canada	Buckingham, P.Q.	Custodian	June 1942	Dec. 8, 1945	25,838	95	14,084	45	54.51
Frost & Wood Co.	Smiths Falls, Ont.	Corp. of Smiths Falls, Smiths Falls, Ont.	Feb. 1941	Dec. 13, 1945	38,411	46	12,000	00	31.24
Ferranti Electric	Toronto, Ont.	Custodian	May 1941	Feb. 13, 1946	159,083	03	78,000	00	49.03
Can. Gen. Electric	Peterborough, Ont.	Custodian	April 1941	Feb. 1946	1,927,498	00	1,150,000	00	59.66
Hamilton Munitions Ltd.	Hamilton, Ont.	Canadian Westinghouse Co. Ltd., Hamilton, Ont.	Mr. Hurd	Dec. 13, 1945	1,324,232	08	700,000	00	52.83
Hayes Steel Products Ltd.	Merriton, Ont.	Custodian	Aug. 1940	Oct. 12, 1945	223,243	55	76,276	74	34.16
John Inglis.	Toronto, Ont.	Addison Industries Ltd., Toronto, Ont.	Oct. 1940	Jan. 31, 1946	1,767,992	32	510,000	00	28.85
John Inglis.	Toronto, Ont.	John Inglis, Toronto, Ont.	Oct. 1940	Nov. 30, 1945	794,428	68	359,678	16	45.28
International Iron & Metal Co.	Hamilton, Ont.	Custodian	Dec. 1942	Feb. 28, 1946	6,628	01	3,314	00	50.00
Midland Shipyards Ltd.	Midland, Ont.	F. E. Manton, Toronto, Ont.	Oct. 1941	Mar. 26, 1946	18,907	46	8,500	00	44.95
Maritime Steel & Foundries Ltd.	New Glasgow, N.S.	Custodian	Oct. 1940	Mar. 26, 1946	64,292	00	12,835	86	19.98
Maritime Telegraph & Telephone Co.	Bear River, Yarmouth, N.S.	Maritime Tel. & Tel., Halifax, N.S.	July 1944	Feb. 28, 1946	2,496	67	946	42	37.91
MacDonald Bros. Aircraft	Winnipeg, Man.	Custodian	Nov. 1940	Dec. 13, 1945	126,899	36	25,000	00	19.70
La Corne Molybdenum Project	Val d'Or, Que.	Molybdenite Corp. of Can. Ltd., Montreal, Que.	June 1942	Oct. 17, 1945	443,068	35	75,000	00	16.93
Valleyfield Sulphuric Acid Plant	Valleyfield, Que.	Nichols Chemical Co. Ltd., Montreal, Que.	Dec. 1940	May 29, 1945	1,336,306	00	700,000	00	52.37
Naugatuck Chemicals Ltd.	Elmira, Ont.	Dominion Rubber Co. Ltd., Montreal, Que.	May 1942	Feb. 27, 1946	170,000	00	60,000	00	35.3

Parker Fountain Pen Co. Ltd.	Toronto, Ont.	Custodian.....	Jan. 1941	April 14, 1945	25,600 00	13,000 00	50.78
Research Enterprises Ltd.	Leaside, Ont.	Corning Glass Works, Toronto, Ont.	Sept. 1940	Dec. 27, 1945	522,000 00	150,000 00	28.74
St. Catharines Steel Products Ltd.	St. Catharines, Ont.	Canadian Comstock Co., St. Catharines, Ont.	Oct. 1941	Nov. 23, 1945	455,940 17	110,000 00	24.1
Shawinigan Chemicals Ltd.	Shawinigan Falls, Que.	Shawinigan Chemicals Ltd., Montreal, Que.	Aug. 1940	Oct. 31, 1945	4,117,057 84	1,250,000 00	30.36
Steel Co. of Canada, Ltd.	Hamilton, Ont.	Custodian.....	Mar. 1942	Oct. 31, 1945	850,523 62	250,000 00	29.39
Truscan Steel Co. of Canada.	Walkerville, Ont.	Custodian.....	Feb. 1941	Nov. 23, 1945	34,496 83	3,400 00	9.86
York Arsenal.	Toronto, Ont.	Dominion Stores, Toronto, Ont.	.....	Nov. 30, 1945	1,304,240 87	600,000 00	45.98
Canadian Propellers Ltd.	Montreal, Que.	Steinbergs Groceries Ltd., Montreal, Que.	April 1941	May 1945	914,056 54	500,000 00	54.70

Statement prepared by War Assets Corporation — April 2, 1946.

By Mr. McGregor:

Q. As I understand it the request was made the other day for the cost and the sale price of all buildings that had been sold. Do I understand now we are not going to get that cost?—A. This is a part of the picture but I think I tried to explain the other day that if I brought everything here I should imagine this list would consist of papers maybe this thick.

Q. That is all right.

Mr. BRADETTE: You can go there if you want to.

Mr. MCGREGOR: I do not care whether I can go there. If the government wants to get this stuff out they can get it. There isn't any question about that. I think that this committee has been set up with instructions to get certain things, and they are entitled to get them. There is no reason why we should not get them.

The CHAIRMAN: You do not need to raise your voice on that score.

Mr. MCGREGOR: Any information asked for we are entitled to.

Mr. COTE: Nobody objects to that.

The WITNESS: As far as I am concerned I have no objection to getting this information out but I think in fairness to my organization and to the work they have to do I have to point out the amount of work that is involved in getting this information together.

Mr. MCGREGOR: I know. I have been on these committees before and we quite understand that any information that the government does not want the committee to have they are going to take a long time to get it out.

The CHAIRMAN: Order, Mr. McGregor.

Mr. COTE: That is not the point.

Mr. MCGREGOR: That is the point.

Mr. COTE: There must be some economical way to get it.

Mr. MCGREGOR: We have economical ways and all the rest of it.

The CHAIRMAN: Now, Mr. McGregor.

Mr. PROBE: We do not have to have it to-day.

Mr. MCGREGOR: Certainly we do not have to have it today.

Mr. JACKMAN: What was the basis of preparing this?

The CHAIRMAN: Suppose we make a little headway by going on.

By Mr. Jackman:

Q. I asked what was the basis of preparing this because I see you have got items down here as low as \$2,496?—A. The only way I could prepare any sort of list for this morning's meeting was to take the records that we have in Ottawa of sales that have been passed through either the war surplus branch or the special sales branch in Ottawa.

By Mr. Reid:

Q. Is this the total sales throughout Canada, Mr. Berry?—A. No, this is the only part that I have been able to get this morning. If I try to get the rest of them I think I will have some documents about this thick, which I am quite prepared to do if the committee wishes.

By Mr. Jackman:

Q. May we learn the system under which this operates? May I get this straight? This represents the sales of real property through the war surplus.—A. War surplus branch.

Q. In Ottawa?—A. Yes, and that war surplus branch has now been dissolved and it is the Ottawa office of the lands and buildings department of the corporation.

Q. These are all rather old, and the more recent stuff would all go through the Ottawa office of—what do you call it?—A. The land and buildings department.

By Mr. Reid:

Q. Whom do you mean by "custodian".—A. The custodian is the company or individual who operated the plant or operated the equipment during the war period, and it was in his custody for the Crown. As to these sales, gentlemen, on these particular ones some of them are the sales of complete plants and are not of necessity buildings and land only.

By Mr. Bradette:

Q. Are these typical sales showing what happens in the average mill run of transfers? Those would be average sales? They would be typical as to percentages and selling prices, and so on?—A. For the sale of industrial properties, yes. We have real estate in a lot of categories. There is the industrial type of property. There is then property suitable for conversion into housing purposes. There is property that has to be torn down due to the terms of an agreement or because it is on somebody else's land. There are 999 different combinations and permutations of real estate.

By Mr. Probe:

Q. There is one matter I am interested in which was advertised yesterday in the press, Studebaker. That does not happen to be on this list, and there will be others that will be in other specific items. That is why a detailed list would be helpful. There is no hurry on it.—A. As to the Studebaker deal I do not think the documentation is entirely complete, and therefore it does not appear on this list.

The CHAIRMAN: You wish that one looked into?

Mr. PROBE: Yes, I should like to have that. It is just curiosity in this case. I have no special axe to grind.

Mr. JACKMAN: Could we know, Mr. Chairman, just what Mr. Berry is going to give us in the way of a record in real estate sales? I think at the last meeting we decided on \$100,000 and over as a starter, did we not? Is that what you had in mind?

The WITNESS: That is what I suggested, but I understood that the committee did not view my suggestion very favourably.

By Mr. Jackman:

Q. We are going to get the whole works?—A. If that is the request of the committee I will endeavour to do so.

Mr. COTÉ: It was suggested by Mr. McIlraith that we would start with the \$100,000 and upwards mark, and if that was not satisfactory to meet all the requests we could go down to some other level.

The CHAIRMAN: If any member had any particular case.

The WITNESS: There are a tremendous number of sales of individual buildings; where a camp consists of 400 or 500 buildings there might possibly be 400 sales of one building at a time from that one particular camp.

The CHAIRMAN: Have you any questions or do you desire any enlargement with respect to any of these items?

The WITNESS: I should like to repeat, Mr. Chairman, that this list represents the sale of not only buildings but also equipment in these buildings in some cases.

By Mr. Michaud:

Q. On page 3, Parker Fountain Pens Limited, the date sold is given as April 14, 1946. Is that a misprint?—A. I am afraid that is a misprint. There may be other misprints in these sheets because we started typing these at nine o'clock this morning.

By Mr. Coté:

Q. You mentioned, Mr. Berry, that the sale price does include the equipment in the buildings?—A. In quite a number of cases it includes the equipment as well as the building.

Q. Does the original cost cover only the cost of the building?—A. No, it covers the building and equipment.

By Mr. Reid:

Q. While I realize it may be largely a bookkeeping entry in the sale of property to the custodian there is an item there, Dominion Foundries and Steel Limited at Hamilton, custodian, where the original cost was \$141,000, and it sold for \$5,000 making a percentage of 3.55. That seems rather low. Just what is the story behind that?—A. I think I can explain that one in reasonable detail now. That one was a project that was started during wartime to put up additional facilities for the production of armour plate, and as soon as we had started it was found that armour plate was not required so at that point the contract was cancelled. This \$5,000 represents the recovery from Dominion Foundries in respect of what might be called the stubs and concrete foundations on the ground which otherwise if we had not sold it to Dominion Foundries we were obligated to remove and take out and restore the land to its original contours. Therefore, personally I would suggest that was a pretty good deal although it looks very strange on the record just put down coldly in this way.

By Mr. McGregor:

Q. The building was never erected?—A. The building was never completed.

Q. How big was the building?—A. It was a pretty big building. It was for the heat treatment of armour plate. The buildings were not completed. Part of it was run up to one storey with a concrete top on the thing but no sides. Parts of it consisted of just the foundation with stubs. Another part of it was a pit for the equipment that was to be installed, and so on.

By Mr. Reid:

Q. Why I raised the point was that as to these items here the custodian purchases at a far lower figure than other companies. The percentages are much lower, and the thought went through my mind—and I will be able to discuss the matter later on at the proper time—that departments of government in purchasing supplies are usually charged more than private individuals. If you go into these items here the custodian, while after all is a government body—A. No, the custodian is a private company.

By Mr. Coté:

Q. Could you give us the story as to the lower rate of recovery here with Crane Limited, Montreal, where the original cost was \$53,000, and the sale price was \$5,000?—A. I will be glad to get that. I think likely the file is here.

Q. That is in Montreal and I am interested in that one.—A. I will have the file but it will take me some time to go into detail.

Q. It is just to explain the low rate of recovery, 9.35 per cent, just to give us an idea. I do not request any particular data but just a general statement.—A. If I remember rightly that building was constructed on private land.

Q. As in the previous case?—A. It was completely constructed though, and we either had to sell the thing to the owner of the land or we had to remove it from the land under the general terms of contract within five years of the end of the war.

Q. That would be the general principle underlying it?—A. In this particular case we got a commercial appraiser to go out and view the building and appraise it. His appraisal, if I remember rightly, was \$4,000, and we eventually sold it to Creswell-Pomeroy for \$5,000.

Mr. PROBE: Could I have an answer to the question dealing with negotiations with veterans affairs before everybody gets out and we cease to have a quorum?

The CHAIRMAN: I am afraid you are just a little late on that.

Mr. MARQUIS: No, we are here.

The WITNESS: I was a little puzzled by this question as to what the correct answer was, Mr. Chairman. The only thing I can do if you wish is to read into the evidence of this committee the evidence I gave in front of the Veterans' Committee.

By Mr. Jackman:

Q. It is available there?—A. It is available.

Q. If that is all Mr. Berry has to add let us not duplicate it.

Mr. PROBE: Fine.

The CHAIRMAN: We will consider it as read and to be included in the record. (Minutes of Proceedings and Evidence, No. 3, Special Committee on Veterans Affairs, March 29, 1946)

Mr. COTE: Before the committee winds up will you tell us what the situation is as far as the printing of the reports of the meetings? We have not got the report of the previous meeting yet.

The CHAIRMAN: The minutes are in the hands of the printers at the present time. We hope to have copies available tomorrow.

Mr. COTE: Does that represent the average period of waiting time before we get these reports, three or four days?

The CHAIRMAN: It is about forty-eight hours so we will not have the minutes of today's meeting for tomorrow. That brings me to the question of the next meeting. Tomorrow morning at 11 o'clock will be agreeable, gentlemen?

Mr. MARQUIS: Perhaps War Assets Corporation has some printing machines to speed the work.

Mr. JACKMAN: Mr. Probe says he is quite content to have the evidence of Mr. Berry before the Veterans Affairs Committee merely incorporated by reference without the waste of printing and paper.

Mr. PROBE: If there is nothing to add. I understood there were extensive negotiations.

Mr. MCGREGOR: I would suggest, Mr. Chairman, that anyone sitting at the far end of the table cannot hear what is going on. The conversation is all at this end of the table. Would it be possible to move your table to the middle here so that we could be all around it and hear what is going on?

The CHAIRMAN: I have already taken that up with the clerk. Tomorrow morning at 11 o'clock.

The committee adjourned at 12.55 p.m. to meet again on Friday, April 5, 1946, at 11 o'clock a.m.

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Canada War Expenditures
1946

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(SESSION 1946
HOUSE OF COMMONS)

(SPECIAL COMMITTEE
ON

WAR EXPENDITURES AND ECONOMIES)

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 3

FRIDAY, APRIL 5, 1946

WITNESS:

Mr. J. H. Berry, President, War Assets Corporation.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1946



ORDER OF REFERENCE

Ordered,—That the said Committee be given leave to adjourn from place to place as may be found expedient.

Attest.

ARTHUR BEAUCHESNE
Clerk of the House

MINUTES OF PROCEEDINGS

FRIDAY, April 5, 1946.

The Special Committee on War Expenditures and Economics met at 11.00 a.m., the Chairman, Mr. Isnor, presiding.

Members present: Messrs. Benidickson, Bradette, Cote (Verdun), Golding, Isnor, Jackman, Lalonde, Macdonnell, Marier, Marquis, McIlraith, Michaud, Probe, Reid, Smith (Calgary W.), Stewart (Winnipeg N.), Winkler.

In attendance: Mr. J. H. Berry, President, War Assets Corporation; Col. William Gordon Denney, Director of Ordnance Services (Provisions), Branch of the M.G.O.; Air Commodore R. A. London, Director of Equipment Supply, R.C.A.F.; Commander E. G. Arnold, Naval Assistant to the Deputy Minister of National Defence (Navy).

Mr. Berry was recalled and further examined.

On motion of Mr. Jackman,

Resolved,—That further discussion on the disposal of real estate be postponed until Mr. Berry has submitted his report on the policy of War Assets Corporation in this matter.

At 12.45 p.m., witness retired and the Committee adjourned until Tuesday, April 9th, at 11.00 a.m.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

April 5, 1946.

The Special Committee on War Expenditures and Economies met this day at 11.00 o'clock a.m. The Chairman, Mr. Gordon B. Isnor, presided.

The CHAIRMAN: Mr. Reid, you spoke to me in reference to a matter that you said you wanted to take up before we went into the regular business.

Mr. REID: I was going to bring the matter up on a question of privilege. It is not a very serious matter, but I notice that a press report of yesterday's proceedings quotes me as using language which I never use. The article reads:—

Mr. Berry said the letter of instruction on the W.A.C. check of incoming materials was dated March 15. Asked what days he had visited Boundary Bay and found no check being made, Mr. Reid produced a diary. He thumbed through the pages searching for dates—which is correct—and finding some muttered amid general laughter, "My God, what year is this?"

If I ever used the expression "My God" it would be with regard to the press, but having been brought up differently it is one of the expressions I never at any time use. I have searched through the record of the proceedings, and if it had been heard here surely it would have been in the record. I am denying absolutely that I used any such expression. I have used the expression at times, "My gosh".

The CHAIRMAN: Perhaps the press will make that correction, Mr. Reid. We are going to proceed at once with Mr. Berry's replies. You will recall that at the close of yesterday's session we were dealing with questions asked by the members of the committee. We had laid over one which Mr. Stewart had asked, and Mr. Berry is going to give that answer to-day, and follow up with the other question.

J. H. BERRY, recalled.

The WITNESS: Will I take that one first?

By the Chairman:

Q. Yes, if you will please.—A. I think Mr. Stewart's question was in relation to the sale of the Naugatuck Chemicals plant at Elmira. This plant was constructed on land formerly owned by Naugatuck Chemicals Limited, a subsidiary of Dominion Rubber Company Limited, which land the company agreed to convey to the Crown for \$1 subject to the company's right of first refusal of the whole plant, and in the event of a sale to a third party the building and equipment would be removed and the land reconveyed to the company for \$1. The rights and obligations of Naugatuck Chemicals under the said agreement were conveyed to and assumed by Dominion Rubber Company Limited with the consent of the Crown. The cost of the land was \$1. Building costs were \$45,058.02. The balance of cost for equipment brought the total cost up to \$170,000. I am advised that this is a single purpose plant and is equipped to produce nothing except diphenylamine for which the only commercial use is as a component of synthetic rubber. Negotiations were conducted with the Dominion Rubber Company Limited as a result of which a sale was negotiated, the company agreeing to pay \$60,000 cash plus 2½ cents per pound royalty for every pound of B.L.E. rubber anti-oxidant sold to the Polymer Corporation,

Sarnia, Ontario, between December 1, 1945, and December 31, 1946, but not exceeding one million pounds in all. It is understood that this royalty of $2\frac{1}{2}$ cents per pound is contingent upon the present price being maintained to Polymer. Under the royalty agreement the possible maximum payment will amount to \$25,000.

By Mr. Stewart:

Q. Thank you, Mr. Berry. There is only one question I have in my mind just now. This statement which I assume was issued to all members yesterday as to the cost price and so on of lands and buildings apparently deals with more than the actual buildings and land. It also deals with equipment?—A. I think I stated that in evidence yesterday.

Q. Is there any way to get at the actual cost of the building and the land and what the building and land sold for ex equipment?

Mr. JACKMAN: He said \$45,000 for the building.

Mr. STEWART: That is only one case but here we have three sheets each showing the names of plants and buildings.

By Mr. Jackman:

Q. As a rule the land is worth about nothing?—A. The land in this case was purchased for \$1 and relatively would be sold for \$1.

By Mr. Stewart:

Q. Here we have a case of MacDonald Brothers Aircraft in Winnipeg which originally cost almost \$127,000 and sold for \$25,000. Would that include the plant, too?—A. No. I will make a statement on that one if you like. I happen to have that one with me.

By the Chairman:

Q. I think perhaps you had better clear it up as we go along.—A. On the MacDonald building at Robinson street, Winnipeg, the Crown owned certain building additions erected on land owned by the contractor and building extensions erected on land belonging to the contractor's original plant. The side walls of the contractor's building were torn down and the Crown-owned buildings were attached to the company's steel structure. The company maintained that to restore the buildings as they were would entail costs of approximately \$30,000. They also claimed due to the Crown-owned buildings being bought by them the overhead and taxes would be excessive in proportion to their commercial operations. Negotiations were entered into, and from the initial offer of the company of \$10,000 the price was finally settled at \$25,000 for the buildings, the cost of which was \$126,899.36. We are faced with all sorts of combinations and complications on these things where additions were put on to contractor's original plants for the purpose of producing war goods, as being the most economical way of providing space at that time for the production of war goods.

Q. But these figures here, I take it, may also include equipment as well as buildings?—A. Certainly, but it is nearly impossible if you are selling a building packet to segregate the money you receive for the building and the money you receive for machinery and equipment. In some cases it is possible.

By Mr. Cote:

Q. Do you have the story of the disposition of each of the plants mentioned in this list?—A. No, I only have certain of them. This happened to be one.

Q. Perhaps it would be interesting for the committee to have some sort of statement made with regard to each disposition at a lower price than 50 per cent of the original cost as mentioned in the list here?—A. I was coming back to this, Mr. Chairman, this morning. Reading the evidence yesterday it was not clear to me as to whether you wanted me to proceed with the complete list of buildings

and real estate that had been sold by the Corporation or whether the committee was prepared to consider this list as being a sample of our operations.

THE CHAIRMAN: As I recall it the first thought expressed was a complete coverage.

THE WITNESS: That is right.

THE CHAIRMAN: And then it was thought that would be asking you to do unnecessary work, and that it would be satisfactory if you would be good enough to supply more or less of a guide, taking a certain number, and place them before the committee. Out of that would arise any particular case. I think that was the general feeling of the committee. With that in mind I think you might follow along with those that you have placed before the committee and answer any questions that may arise.

MR. BENIDICKSON: Or any additional single ones.

MR. MARIER: We put a limit of \$100,000.

THE CHAIRMAN: Yes, we did in the first place.

MR. JACKMAN: The only possible objection to that—and I think perhaps I suggested that we do not get too large a list—is that if you sell a large plant or aggregation of buildings which are really one unit in its component parts you may get a lot of small sales so that the large amount is hidden in the smaller amounts. I would ask Mr. Berry to be careful not to deceive us, if you like.

THE WITNESS: I can assure you, Mr. Chairman, I have no idea of doing that.

MR. JACKMAN: I did not mean to use that word in its literal meaning.

MR. STEWART: I am rather interested in the disposal of buildings and plants. I am not sure whether it is fair to ask Mr. Berry about either because he is the head of a corporation which this month will probably sell \$30,000,000 worth of stuff. I do not see how he could know all the details. Is it fair to ask him about these details now when in all probability he cannot answer or should we not have somebody come who is in charge of this particular end of the thing?

MR. CHAIRMAN: If you ask any question in connection with this list Mr. Berry will certainly get the information if he has not got it now.

MR. STEWART: One question I have in mind has to do with the Research Enterprises Limited plant at Leaside. It is only a building in this case, and it cost \$522,000 and was sold to the Corning Glass Works for \$150,000. I have seen that building and it is a magnificent structure. I think the Corning Glass Company got an excellent bargain, indeed. As far as I know no tenders were asked for the disposal of that building. I should like to know first of all what is the practice of War Assets Corporation in that respect? Here is a building which could be used for almost anything, not only for the manufacture of glass. It could be used for anything, in my opinion, and no tenders were asked. It was sold to the Corning Glass Works for \$150,000.

MR. BENIDICKSON: By whom, the minister or War Assets?

MR. STEWART: It was sold by War Assets.

MR. JACKMAN: Through War Assets.

THE WITNESS: I have with me this morning a statement I am working on relative to the procedures followed by War Assets Corporation in the disposal of real estate. I have got so far with the statement up to this time. Real estate covers a very wide field, and as I said previously it comes up in all sorts of permutations and combinations. That is as far as I have got with the statement on the policy of War Assets Corporation on real estate which I am trying to prepare to present to the committee at a later date.

MR. JACKMAN: Suppose we defer questioning on real estate until that brief is completed.

THE WITNESS: I think we might have that ready some time next week. In the meantime, Mr. Chairman, I can prepare fairly quickly a brief on each of the plants in this list here if that would meet the various wishes of the committee.

MR. JACKMAN: I do not think that is necessary, Mr. Chairman. There are certain items which members of the committee might wish to pick out. We might not want to ask questions on every one, and that would be a waste of labour on the part of Mr. Berry. Perhaps we could give him an idea as to which ones we wish to ask questions on.

THE CHAIRMAN: Yes, I was hoping that the members of the committee would do that.

THE WITNESS: I think the suggestion as to any return under 50 per cent might give us something to work on. I would be very glad to prepare that statement and get it to you as quickly as possible.

MR. COTE: I think that would be fair because those are the plants about which we may be receiving inquiries, those that have been disposed of at a lower rate than 50 per cent of the original cost. That was the purpose of my question a few moments ago.

By Mr. Reid:

Q. In connection with the sale of buildings, when buildings are declared surplus to your corporation—

THE CHAIRMAN: Order, gentlemen; neither Mr. Berry nor the reporter can hear Mr. Reid.

MR. REID: It is the minister's assistant you will have to bring to order.

THE CHAIRMAN: I am bringing all to order.

By Mr. Reid:

Q. My question to Mr. Berry is when a building has been declared surplus do you find out first of all what that building cost to build? Do you then have a survey made on the building to find out what it is worth, have it valued to-day, or do you wait until you receive an offer for the building?—A. Under the standard procedure we obtain the original cost of the building to the Crown and we then normally get one or two appraisals of the current market value.

Q. Just as soon as possible after the building has been turned over?—A. Yes. It becomes very complicated because in quite a number of the contracts under which these buildings were constructed and put up there are limiting clauses and options which we have to take care of and honour so that we are not able to follow our standard procedure in every case. When we have a building that is free, with no options and no strings on it, I might say, then we follow that procedure.

By Mr. Marier:

Q. I should like to get some information about that property of Ayerst, McKenna and Harrison at St. Laurent. It is the second one on the first page.—A. I am sorry but I have not that one with me. I will have a brief prepared on that one.

MR. MACDONNELL: The reason I was disturbing Mr. McIlraith is that I was hoping to get an answer to a question which I am afraid is a stupid question but I do not understand the significance exactly of a sale to the custodian. I notice that some of the sales to the custodian are at very low figures. Perhaps that was explained yesterday when I am sorry to say I was away.

By the Chairman:

Q. Will you be good enough to explain that again?—A. The custodian in the case of a Crown-owned property in some cases may be a private contractor or an individual, and material has been supplied to him, or the premises have been supplied to him for the purpose of manufacturing or doing some operation during the war. When we say we have sold to a custodian on this list—let me take the first one here, the Canadian Pacific Railway Company, as an example. We provided at Crown expense facilities so that the Canadian Pacific Railway could continue with a tank contract, building tanks, so the Canadian Pacific Railway Company then became the custodian of those facilities during the period of the war, and the sale was made to the Canadian Pacific Railway company.

By Mr. Macdonnell:

Q. Let us take, for instance, a rather extreme case, Dominion Foundries & Steel, where the custodian gets the property for 3.55 per cent of the original cost. In answering that would you clear my mind on this point? When money has been spent on the property of the Canadian Pacific Railway or the Dominion Foundries & Steel for the purpose of them carrying out certain contracts, has that any effect on the depreciation account of the Dominion Foundries & Steel or Canadian Pacific? How is depreciation applied on that?—A. No depreciation is applied on it by the contractor at all. It is Crown property and is handled in accordance with Crown procedure.

By Mr. Stewart:

Q. I believe a valuation is placed on a building and contents and then regardless of that valuation the building is sold where it is a contract entered into between the department and whoever purchases the building. Could Mr. Berry give us any idea as to the discrepancy between the actual sale price and the value of the building and equipment put on it by his department? You probably cannot answer that just now.—A. I can answer part of it very generally. As far as the equipment is concerned in the plants that we sell I think we have been getting on an average about 35 per cent of the original cost.

Q. That would scarcely apply....—A. as far as buildings are concerned there is no fixed average due to the complications that arise in a lot of cases in relation to the contract conditions under which they were built, and their proximity to another manufacturer's plant, whether they are on Crown-owned land or in the case of army camps for sale it will depend on whether they are in a populated district or in an isolated district, and quite a number of factors.

Q. That 35 per cent of cost is not necessarily consistent with the general policy of the Corporation?—A. That is consistent as far as equipment is concerned with the general policy of the Corporation.

By Mr. Benidickson:

Q. Is that your target or just your result?—A. That is the result.

By Mr. Macdonnell:

Q. Mr. Berry will no doubt agree that when you get down as low as 3.55 or 9.35 that there should be some explanation of the peculiar circumstances?—A. I covered those two points yesterday in the evidence.

Q. I am sorry. Please do not do it again. I will get it.

By Mr. Smith:

Q. May I ask one question? In all of these numerous plants, Mr. Berry, I notice that the highest is 59 odd per cent. Did we not own anything at all that

appreciated in value during those years?—A. It is my understanding that the Crown does not depreciate its assets.

Q. No, appreciated?—A. I do not know of anything offhand that appreciated.

Mr. WINKLER: Mr. Chairman, in his evidence yesterday, Mr. Berry showed that there were 5,260 new vehicles, mostly in crates—

The CHAIRMAN: Would you mind deferring that?

Mr. WINKLER: All right.

The WITNESS: I have a further statement on trucks to make this morning.

By Mr. Stewart:

Q. Are there any cases where the minister under the powers which he has has sold buildings and plants outside of the purview of the War Assets Corporation?

By Mr. Benidickson:

Q. Who does the trading, who does the negotiating on these things, the minister or— —A. War Assets Corporation does the negotiating.

By Mr. Jackman:

Q. May I ask Mr. Berry a question if we are going to go into this matter now instead of waiting for this long memorandum which you are about to give us next week, which I think we should do unless we are going to do it piecemeal now and piecemeal then. Is it not a fact that the minister in connection with a place like the Leaside works that went to the Corning Glass Company did consider in determining to whom it should be sold whether or not a new industry or a war industry would be continued in this country? Is that not a factor in the disposition of these plants?—A. That is a factor. When I get this statement on policy ready you will find a statement to that effect. That is a factor.

By Mr. Benidickson:

Q. It would be a big factor, would it not?—A. Quite a factor.

By Mr. Jackman:

Q. Do you have the application of that factor in your power or is that something reserved to the minister?—A. That is within my power. I might add that we only apply that factor in consultation with the Department of Reconstruction and Supply.

Mr. JACKMAN: Mr. Chairman, I would move that unless there is some very pertinent question someone wants answered immediately that the matter of these buildings be reserved until we receive Mr. Berry's report on instructions relevant to the disposition of real estate.

The WITNESS: I can provide quite a complete statement on property.

Mr. PROBE: Relative to what Mr. Jackman has just said unless Mr. Berry is prepared to answer now would he make certain he includes in his brief a statement as to the presence of middle men in deals on lands and buildings, commission agents or real estate agents? I should like to know whether there are commissions paid and to what extent, and if commissions have been paid to his knowledge to persons who were employed at any time in the War Assets Corporation itself. He might not be ready to make that statement now.

The WITNESS: I think you will find as part of the brief—I know it has already been written into part of the brief—a statement on when commission is payable and when commission is not payable, and it is quite definite and quite clear.

By Mr. Probe:

Q. It will include everything I have just said?—A. I will have to throw into the thing a specific question as to whether commissions have been paid to any ex-member of War Assets Corporation. That is a specific thing you want to know, whether any commissions have been paid to ex-members of War Assets Corporation in relation to the sale of real estate and buildings.

Q. That is right.

By Mr. Reid:

Q. In the disposing of these buildings were the conditions and terms of sale the same from one end of the country to the other? What are the terms of sale? Is it spot cash or are there different terms in some instances?—A. We have standard terms of sale which are applicable right across the Dominion. We make no variation between different points.

Q. May I ask what the terms are?—A. They vary very considerably.

By Mr. Benidickson:

Q. A number are based on these back taxes, refunds, are they not?—A. The maximum terms we give in payment for buildings and land are spread over a period of fifteen years with interest at $3\frac{1}{4}$ per cent. Those are the maximum terms. That is the maximum number of years, and that is the maximum interest we charge. We do permit by arrangement assignments of the refundable income tax, and any amount that is covered by an assignment of the refundable income tax our rate of interest is only 2 per cent.

By Mr. Reid:

Q. Then under the terms of your policy you would accept a down payment and spread the balance of payments over fifteen years?—A. Correct. Those would be our maximum terms. We try not to give fifteen years wherever possible. We try to limit that to about ten years at the most.

The CHAIRMAN: Gentlemen, we have a motion. I do not know whether it was seconded or not.

Mr. SMITH: May I ask one question?

The CHAIRMAN: I was going to say, Mr. Smith, that I do not want to hurry Mr. Jackman's motion. I was not overlooking it but I felt we should pursue this report if the members so desired. However if someone will second the motion naturally I will have to put it. Mr. Smith, ask your question now.

Mr. SMITH: I will second Mr. Jackman's motion because I think until we get this further information our discussion cannot be very intelligent. Let me put it this way. It cannot be all covered anyway.

By Mr. Smith:

Q. I was wondering if Mr. Berry knew whether or not in this list—and adding to it all the others and perhaps there are many of them—all sales of Crown property have taken place through the Corporation since its formation or are sales made by the department direct?—A. I can only answer that by saying that all properties that have been reported as surplus to me have been sold by War Assets Corporation.

Q. You simply do not know?—A. No, I do not know.

Mr. MACDONNELL: My recollection is that last autumn we were told that in a certain number of the more important cases involving large amounts and perhaps with difficult negotiations matters were dealt with by the minister direct. I think that was said, and indeed, I want to add this question also. I think certain inquiries were made with company names mentioned to the steering committee last autumn asking for particulars with regard to such transactions. Will you tell me whether those inquiries still stand or whether we have got to put them in all over again? I know I put them in myself.

Mr. McILRAITH: That was discussed yesterday, too.

Mr. PROBE: Mr. Chairman, before you put Mr. Jackman's motion, I still have one thing which I would like to have included in the brief which Mr. Berry is to prepare, if he would not mind looking it up; and that is in connection with sales by the custodian; and by that mean such items as Crown plants, buildings and equipment or buildings or equipment, to people who had applied at that time and had never been in a similar manufacturing operation to that which was facilitated by the building that was put up. I can quite understand that you might put up a building for the manufacture of gun barrels and you could get someone to operate it who had not been in that particular line of business before. The situation being what it was in Canada there may not have been anyone making gun barrels. But if you have a salesman who now takes over one of these plants and starts making gun barrels; if such cases or parallel cases exist I would like to have them all in that brief, particularly if that sale had been made following the sale by War Assets to the custodian so that here is a man who for any reason was never in that business or had not contemplated it before and now at the end of the war he is set up as a going concern. Have I made my question clear?

The WITNESS: Yes. I do not think that is a question I can answer. I believe it should be directed to the Department of Reconstruction and Supply.

Mr. PROBE: We are having a little trouble with the department of reconstruction in the house; but anyway if you cannot answer I will accept that, but I want that kept in mind if you can answer it; and if you cannot I will try to get it another way.

The CHAIRMAN: Are you ready for Mr. Jackman's motion?

Mr. COTÉ: Would you put the motion again, Mr. Chairman?

The CHAIRMAN: I haven't got it in writing, perhaps Mr. Jackman would repeat the substance of it.

Mr. JACKMAN: That further discussion on the disposal of real estate be postponed until Mr. Berry supplies his report on instructions re real estate disposal.

The CHAIRMAN: On the policy.

Mr. JACKMAN: Yes.

(Motion agreed to).

Mr. JACKMAN: May I suggest to Mr. Berry—

The CHAIRMAN: Now, we do not want to start it all over again.

Mr. JACKMAN: No, we do not; this is not individual items at all, it is rather a matter of policy.

Mr. MACDONNELL: I want to start something all over again.

Mr. JACKMAN: May I have the floor for the moment, Mr. Macdonnell?

The CHAIRMAN: I think I will have to rule that Mr. Jackman has the floor.

Mr. JACKMAN: I understand that some of these Crown plants are not being sold but are being leased, to old tenants or to new tenants; and would Mr. Berry tell us now or at the appropriate time something about the leasing of Crown properties?

The WITNESS: I will be glad to prepare a separate statement on that, Mr. Jackman.

The CHAIRMAN: Now, Mr. Macdonnell.

By Mr. Macdonnell:

Q. Going back to the question I asked, my recollection is very clear that last autumn we were told that in a considerable number of the more important

cases the minister, and I think quite properly, dealt with the matter himself. That is my clear recollection. I was a little surprised at Mr. Berry's answer to the question because I thought he said as far as he was aware all companies which were reported surplus were dealt with by the corporation directly. What I am getting at is this, that I want to be quite sure that this list includes everything; oddly enough it does not seem to include one or two companies I asked about last autumn and I would like to be sure there is not another list which is being dealt with by a higher authority, or at the top level, because I think we want to see those at the top level, too.—A. I think I pointed out, Mr. Chairman, that when I filed this list that this was a partial list that I had been able to prepare in a hurry for the convenience of members of the committee pending a decision as to whether I should report in detail the whole real estate operations of the corporation.

Q. I am merely pointing it out, Mr. Berry; it is not a criticism of this list at all.—A. No.

Q. I am going back again to the question I asked, whether there is a list quite apart from this list which is dealt with by the minister. I understood you to say a moment ago that there is no such list. That is my recollection, with which I think everyone here will agree.

Some of the MEMBERS: That is right.

Q. But last fall we were told there were certain deals handled by the minister. I am not criticizing you at all, I merely want to know if there were.—A. I know of no other list of plants dealt with specifically and only by the minister, but I will find out whether any plants have been dealt with specifically in that way and report.

THE CHAIRMAN: Will you go on with your next answer to questions, please?

THE WITNESS: One question yesterday, Mr. Chairman, was as to how many projectors were sold by the corporation: one was sold to Lower Canada College, which I mentioned yesterday, by error on the part of one of our people; Canadian vocational training of the Department of Labour received six—that makes a total of seven.

MR. STEWART: Thank you.

THE WITNESS: The next question was a question regarding the advertising procedure of the corporation: that answer is being prepared, Mr. Chairman, and I will present it as soon as I can.

The next question was a statement regarding the set up of the statistics branch of the corporation; that statement is being prepared, I am afraid it is not yet available.

The next question was, has any equipment been declared surplus at Boundary Bay: I unfortunately have no detailed reply to that question yet but I will provide it at a later meeting.

The next point was, has the procedure outlined by Mr. Berry's statement regarding the situation at Boundary Bay now been put into effect: And my answer is, yes.

The next question, what are the terms of sale on new and used trucks: I have a statement on that, gentlemen, and I have a slight correction to the figures which I gave you yesterday. In only one case to date have we sold new trucks to the original manufacturers, this was to the Four-Wheel Drive Company at Kitchener. The sale in this case was of 84 trucks which cost \$11,350 each and which were sold for \$4,801 each. This is apparently a low return but it is due in the main to the high United States cost during the war. These trucks were bought from the United States manufacturer and the re-sale was made at a price to permit of the manufacturer selling at ceiling price.

By Mr. Jackman:

Q. Was duty charged on these coming over?—A. I could not tell you that. I could find out about that. I am advised that is excluding duties and taxes.

Q. Excluding duties and taxes?—A. Yes. In the other cases the manufacturers have not purchased any trucks from us but have made available to us their organizations to distribute trucks through dealers, and they have also collected payment on our behalf. All this was done without charge to the corporation by the manufacturers.

A further check of figures concerning new and used trucks and cars which I gave this committee yesterday shows a correction should be made. I stated that there had been reported surplus to us, excluding overseas surplus, 22,668 trucks of which 13,492 were new and 9,176 were used; the total remains the same but the new trucks and cars should be 15,252 and used 7,416.

A question was also asked about the sale of new trucks and the original cost as compared to the price on re-sale to the manufacturer. The only sale to my knowledge in this category is that made to the F.W.D. people, and I have already provided the cost and figures.

It might be interesting to this committee to know that the average cost to the Crown of the other new vehicles was \$2,012, and our average selling price has been \$1,574, a return of 78 per cent.

By Mr. Winkler:

Q. This question I want to ask perhaps does not follow directly on the statement made by Mr. Berry but perhaps this is just as good a time to ask it as any. On these crated trucks which are incomplete I wonder if the situation can be compared to that in the agricultural industry where for instance one manufacturing firm in Ontario here has about three thousand implements ready for distribution except for some very small items which cannot be secured, and I wonder if the trucks crated and incomplete have a small part missing here and there of which a list could be made. For instance, to give you an illustration, in the agricultural industry: this firm has 900 seed-sowers which are badly needed at this time but are unfit for use because of one rod which extends from one end of it to the other, made of very fine steel, which simply cannot be obtained at the present time. I wonder if he could give us a list, I know it would be pretty hard to get a list of parts for all of these, but a rough list as to the parts needed to complete these trucks and put them in working order?—A. We have no justification for doing that, Mr. Chairman, because in the main these trucks which are incomplete are not suitable for domestic functions. They are in the main the military type of truck and we consider it will not help very much if we finish them up and reassemble them and put them together in Canada, because I think we could get new trucks more suitable for the commercial market as quickly as we could get these put together and made available. What we are trying to do at the moment is to negotiate a sale of these trucks, as they are, for export, and then it will be up to the purchasers to finish them up.

Mr. GOLDING: For export exclusively?

The WITNESS: Yes.

The CHAIRMAN: Are there any further questions regarding trucks?

By Mr. Smith:

Q. Would you care to elaborate just a bit more on the difference between the sale price to the purchaser and the price at which these vehicles cost the government? I thought you said a moment ago it was 50 per cent on cost.—A. No, 78 per cent.

Q. Seventy-eight per cent on your cost. Those of us who are trying to get a car to drive to-day would have to pay more than that. If the manufacture of cars stopped two years ago, as it did, all these motor vehicles generally have appreciated in price. You say you are now getting 78 per cent on cost for these

vehicles. They would certainly be not later than the 1942 model, so I am just wondering. I wonder if you would elaborate a bit on that?—A. I think you have to take into consideration that the major number of these trucks that have been sold are of a military pattern, and the cost of those as compared to the ordinary commercial pattern is very much higher.

— Q. Take the motor cars.—A. For instance, Mr. Chairman, the military type of truck has relatively two rear axles and the front axle is more expensive than the rear axle—it is not a simple straight beam across the front of the car with a wheel stuck on either end, it has a complete differential which includes two of a very special type of universal joint, and this gives an arrangement by which you can use, not only the rear wheels, but the front wheels to drive as well.

Q. I understand it is a four-wheel drive?—A. In addition to that there is a separate gear box, behind the normal gear box called a transfer case where you can take off a drive to the rear axle and to the front axle as well. The cost of the transfer case is much greater than the cost of the transmission; and, as I said, it is not suitable to commercial use at all.

Q. Quite so. Let us take a motor car.—A. But really that 78 per cent return on those, taking the high cost and unusability feature of these trucks is a thundering good return.

Q. I am not disagreeing with what you have said on that, but let us take an ordinary new motor car, the prices you are getting on used trucks, what do you have to pay for them?—A. That I could not answer because I have not tried to buy one.

Mr. WINKLER: In regard to the four-wheel drive trucks, I have had a number of requests from municipalities in my riding to find out why they could not buy these. They had their applications in, but they could not be secured even for municipalities. I understand that this type of vehicle has a definite value for the moving of snow, that the four-wheel drive is very much superior to the two-wheel drive; also they are particularly useful for carrying insecticides and other things used for spraying weeds, for carrying large amounts of fluid; and I think these four-wheel drive trucks are suitable also for negotiating rocks and soft land. I should think that the municipalities ought to be completely supplied if possible before any of those are put into export.

The WITNESS: There are and will be a certain additional number of four-wheel drive trucks coming to us to be marketed here and they will be disposed of in that way. Directions to the corporation at the moment are that a certain number be sold directly to the farmers and to other users to whom the four-wheel drive appears to be an advantage rather than a disadvantage.

Mr. GOLDING: You will have a tough time selling them to the farmers.

Mr. WINKLER: You say there will be more of these four-wheel drive trucks available?

The WITNESS: That is correct.

Mr. PROBE: Mr. Chairman, would you permit me to go back for a moment to these F.W.Ds—they have a fascination for me.

The CHAIRMAN: And they had last year, too, I believe.

Mr. PROBE: Yes. I am still fascinated by them, as it is the only type the manufacturers got back notwithstanding the fact that there were certain priorities which applied. However that may be these vehicles were sold back to the F.W.D. people at Kitchener. What commission was paid by War Assets Corporation in connection with that deal? I presume it is fresh in your mind?

The WITNESS: The War Assets Corporation pays for service rendered to the corporation, and we pay for that service in the simplest way we can, either by recognized trades discounts, or in a very few cases in the form of a commission. Relatively any payment we make in either of these two forms or in any other is for services rendered to the corporation.

Mr. PROBE: I am not concerned with the terminology, what is the amount?

The WITNESS: I can give you a breakdown on the F.W.Ds as I happen to have it here with me. There were two types of trucks involved in this transaction; one had a winch and the other had no winch. The cost I gave you a few minutes ago \$4,801, included the one with the winch. The breakdown I have is for one without the winch, so that the total statement you will arrive at is the figure I have quoted—the two things run parallel. First you have the motor vehicle controller's price for the sale of motor vehicles in Canada for that truck, which is \$6,800. The standard dealer discount on that type of truck is 20 per cent, amounting to \$1,360; leaving a balance at that point of \$5,440. There was an allowance to the manufacturer of 10 per cent of that sum to cover reconditioning and selling expense and his guarantee leaving again a balance of \$4,896.

Mr. PROBE: That is the one without the winch.

The WITNESS: Without the winch. The setting up, handling and changing equipment on the trucks—because these were the military type of truck and included certain equipment that was not usable for commercial purposes—the freight from Longue Pointe to Kitchener totals \$424, leaving a balance of \$4,472; then there was added to that the accessories which were in the box consisting of axes, picks and things like that which go in a military type of vehicle, \$79; bringing the total up to \$4,551. If the winch was included, as it was in 84 of them, that is worth \$250, that brings your figure down to \$4,801, the figure I quoted previously.

By Mr. Probe:

Q. Now then, \$7,200 for example had been paid for that vehicle by the ultimate consumer, how do you explain the difference between what the dealer is allowed on the ceiling in the form of spread? Would he be able to add that?—A. That is possible I think under the motor vehicle controller's order.

Q. He would be allowed to add the expense?—A. That is moving the truck from Kitchener to the point of delivery to the ultimate consumer.

Q. So the manufacturer gets \$544, the local company gets \$434, and the department gets——A. No the manufacturer gets \$544 as covering his overhead, reconditioning and selling expense and guarantee. As these trucks were sold as normal trucks the manufacturer's guarantee goes with them.

Q. I understand that.—A. The setting up, re-conditioning and handling and changing equipment costs \$259.

Q. Yes.—A. These trucks are what we call semi-knocked down and they were boxed. They had to be unboxed and set up, that cost \$259; then there was also the freight from Longue Pointe to Kitchener, \$65.

Q. That was paid by the F.W.D. people or by War Assets?—A. In the making up of these figures that would have to be paid by F.W.D.; of course, there was an allowance made in the price for that freight.

Q. Then did you get actually \$4,551 for these vehicles, and did the manufacturers pay \$4,551 to the department?—A. That was net. Had we sold any of these vehicles without the winches that is what we would have obtained.

Q. And you got \$4,801 for these vehicles?—A. With the winches.

Q. That was net to the department with no other expense?—A. That is correct.

By Mr. Lalonde:

Q. May I refer to the question raised by Mr. Winkler, relating to the request made by certain municipalities to purchase trucks and snowplows. If it would not cause too much trouble to Mr. Berry or his officials, I would like to have complete information regarding requests which have been received from municipalities who have tried to get trucks and snowplows. As people generally are under the impression that War Assets have thousands and thousands of

articles of this type to dispose of and they are writing to us as members criticising and protesting against the procedure followed stating that War Assets apparently does not want them to get the articles. As far as I am concerned personally I have placed before the War Assets authorities two or three of these requests and the information given to me was that there were no such articles available at the time. To clear the matter up would it be possible, if not today later on, to give the committee that information; namely, how many trucks and snowplows have been declared surplus and to whom they have been sold, the price and also the characteristics of them, because I understand they may be considered as separate entities, the truck and the plow; also if tenders have been called for and sales made. If Mr. Berry can not answer that offhand would he be good enough to supply it at a later date?—A. I take it, Mr. Chairman, that the question is a report as to the number of snowplows that have been reported as surplus to the corporation, including the type of snowplow and to whom they have been sold; and whether tenders were called in the case of each sale? I am just trying to summarize Mr. Lalonde's question.

Q. That covers what I want.—A. And the term snowplow I take it would cover a snowplow mounted either on a truck or a tractor; that is why I specifically say snowplows.

Mr. MARIER: Some trucks might have no snowplows. They would be just trucks.

The WITNESS: Then I take it you also would like to have included in that report particulars about tractors.

Mr. LALONDE: I would appreciate it if you would include that also.

The WITNESS: We will try and prepare a similar report on tractors.

Mr. LALONDE: Mr. Chairman, I do not want to have my question put in some other way. What I want is this: a report from War Assets to give to our people the real picture of what has taken place on this question of snowplows and tractors. I understand that these articles can be separated and the snowplow sold as a separate unit. From the number of requests I have received I take it that the municipalities desire to get the complete equipment, the truck or tractor and the snowplow. That is the information I would like to get.

Mr. SMITH: May I go back to my question about motor cars. What I want Mr. Berry to give us, and I think he can do it without any difficulty as he no doubt has had many reports on it, is the percentage relationship between the cost of the car and the price at which it is sold.

Mr. JACKMAN: I understood that these cars were all sold at the ceiling.

The CHAIRMAN: You gave that yesterday.

Mr. SMITH: If it can be obtained without too much trouble.

The WITNESS: If we sell trucks and passenger cars in Canada here we are controlled entirely by the ceiling price. If we sell them for export the ceiling price does not apply and we get the best price possible.

By Mr. Smith:

Q. Have they been sold locally or for export? We have been pretty short of motor cars in Canada for some time.—A. I gave the figures on that, I think—no, I did not.

Q. More or less a rough percentage is what I was looking for. If it is going to be a great deal of trouble do not do it.—A. A rough percentage as to those trucks I gave this morning, they originally cost so much money—

Q. I mean motor cars, passenger vehicles.—A. I do not ever remember having any new passenger cars at all. I do not think we have had one. I will check that for truth, and if my statement is not correct I will correct it.

Q. You cannot remember everything?—A. I remember quite a bit of it.

Q. Strangely enough you do.—A. The next question that came up was a statement regarding the sale of the plant to the Studebaker Corporation in Hamilton. In October, 1945, in reply to an advertisement by War Assets Corporation one offer was received for the Crown-owned buildings at Otis-Fensom Limited, Hamilton. This offer was not considered sufficient and the property was not sold. The Otis-Fensom Elevator Co. Ltd. had constructed on land conveyed to the Crown for \$1, subject to Otis-Fensom having the right of first refusal and payment for full value of land if sold to a third party, and subject to full restoration of the original Fensom plant to which the Crown made certain alterations, a building known as the ordnance building which was erected at a cost of \$1,608,685. Of this amount \$344,564 was for items necessary to the operation of but not a part of the ordnance building leaving the net cost of the plant as \$1,264,121. The Studebaker Corporation offered \$500,000 to purchase the ordnance building together with 4.7 acres of land belonging to Otis-Fensom to the east of the building and the assumption of certain obligations of the Crown to Otis-Fensom, and Otis-Fensom agreed to sell the land under the ordnance building, 7.3 acres, and the above mentioned 4.7 acres and to release the Crown from certain obligations in respect to its original plant for the sum of \$144,000. The land involving 12 acres should not be considered as being purchased for \$12,000 per acre from Otis-Fensom as Otis-Fensom have released the Crown from obligations the value of which is estimated as more than \$75,000 by independent valuers called in by War Assets Corporation to estimate the value of the land and the cost of the restoration and removal in accordance with the Crown's obligations to Otis-Fensom. Full details of this sale are more particularly set out in P.C. 966. I will be glad to read P.C. 966. It is quite a long one.

The CHAIRMAN: May we put that on the record.

By Mr. Probe:

Q. What is the date of P.C. 966?—A. P.C. 966 is dated March 19, 1946.

Q. Just have it put on the record.

P.C. 966

C/10

Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Administrator on the 19th March, 1946.

PRIVY COUNCIL

CANADA

The Committee of the Privy Council have had before them a report dated 15th March, 1946, from the Acting Minister of Reconstruction and Supply, representing:—

That pursuant to Order in Council P.C. 2696 of 22nd April, 1941, Otis-Fensom Elevator Company Limited (hereinafter referred to as "Otis-Fensom") for the purpose of manufacturing Bofors ordnance and equipment was authorized to and did construct and equip a new plant at Hamilton, Ontario, on lands which were conveyed to the Crown by Otis-Fensom for the sum of \$1 subject to the right to Otis-Fensom to have first refusal in the event of the sale of the new plant and to be reimbursed the value of the lands in the event of the sale thereof to a third party, and Otis-Fensom was further authorized to and did make, on lands belonging to Otis-Fensom, additions and alterations to existing buildings and installations subject to an obligation by the Crown to remove such additions when no longer required and to restore to its normal use the portion of Otis-Fensom's plant used for the manufacture of Bofors;

That the new plant and additions aforesaid are surplus to the requirements of the Crown;

That the Studebaker Corporation of Canada Limited (hereinafter referred to as "Studebaker") has offered to purchase the said new plant together with certain adjoining lands belonging to Otis-Fensom and, subject to approval of Your Excellency in Council, War Assets Corporation has negotiated and proposes to enter into agreements with Otis-Fensom and with Studebaker to the following effect;

1. (a) Otis-Fensom will release to the Crown all its right, title and interest in and to the lands (approximately 7.3 acres) conveyed to the Crown as above mentioned and on which the new plant is situated except a 25-foot right-of-way immediately to the west of the new plant, which right-of-way will be reconveyed to Otis-Fensom;
 - (b) Otis-Fensom will convey to Studebaker certain lands of approximately 4.7 acres to the east of the new plant and in addition the land approximately 85 feet by 25 feet on which a structure connecting No. 2 building of Otis-Fensom with the new plant was constructed and a strip of land approximately 1 foot 4½ inches wide along the west side of the new plant;
 - (c) Otis-Fensom will release its right to have offers for sale submitted to it and the right to have the structure mentioned in (b) above removed and will also release the Crown from the obligation of removing the following additions to buildings and installations, namely,—
 - (i) The tunnel from the boiler house through lands of Otis-Fensom to the new plant;
 - (ii) The boilers and coal handling equipment installed on Otis-Fensom's lands;
 - (iii) The heat treat building on Otis-Fensom's lands;
 - (iv) The toilet facilities and elevator installed in No. 2 building of Otis-Fensom,
 and the Crown will release to Otis-Fensom all the Crown's right, title and interest in and to the items mentioned in (i) to (iv) inclusive;
 - (d) Otis-Fensom will also release the Crown from the obligation above mentioned to restore the Otis-Fensom plant to its normal use except the restoration of the hollow metal department in its No. 2 building;
 - (e) Certain other obligations with regard to the removal, maintenance or construction of water mains, transformers, generators, switch gear, heating and walls, the closing of tunnels and doorways and other matters which would otherwise devolve upon the Crown will be passed to and assumed by Studebaker;
 - (f) The Crown will pay Otis-Fensom \$144,000 in respect of the conveyances of lands, releases and other undertakings by Otis-Fensom as aforesaid.
2. Studebaker will purchase the lands mentioned in (a) and (b) above including all buildings thereon and will also purchase the transformers, generators and switch gear and take over the obligations referred to in (e) above and will pay to the Crown the sum of \$500,000, \$125,000 down and the balance on closing;

War Assets Corporation considers that the terms of the said agreements are fair and reasonable and in the public interest.

The Committee, therefore, on the recommendation of the Acting Minister of Reconstruction and Supply, advise that Your Excellency may be pleased to authorize the Minister of Reconstruction and Supply to enter into agreements with Otis-Fensom and Studebaker containing terms not inconsistent with the foregoing and that letters patent necessary to give effect to the foregoing be issued accordingly conveying to Studebaker or Otis-Fensom as the case may be all the Crown's right, title and interest in and to the lands as aforesaid.

A. D. P. HEENEY,
Clerk of the Privy Council.

By Mr. Stewart:

Q. Does that mean that the Crown paid \$69,000 for the 12 acres?—A. Yes, if the outside estimate we got of \$75,000 is correct.

Q. And Studebaker offered what? I did not get that figure?—A. \$500,000. That again, is \$500,000 for the building and land. This again is a complicated deal with the various options and various things the Crown had promised to do under the original contract, all of which we had to take into consideration when we made the sale.

By Mr. Probe:

Q. What happened to the equipment? Was that sold with the land and building?—A. No. At the moment some of it is going to Canadian Arsenals. As to some of it, we are negotiating a sale to Studebaker, and some of it has already been sold to other contractors. The balance of it we will move out of the plant.

Q. Otis-Fensom is not a subsidiary of Studebaker or vice versa?—A. No.

By Mr. Stewart:

Q. So in effect the Crown got \$431,000 net for that ordnance building. That would be \$500,000 less \$69,000?—A. The net cash we will have is \$500,000 less \$144,000, but in that payment of \$144,000 which War Assets Corporation will make, it discharges various obligations entered into by the Crown through the Department of Munitions and Supply to an estimated amount of \$75,000.

By Mr. Probe:

Q. Did I understand you to say that the Crown sold this land to Otis-Fensom in the first place for \$1 or bought it from them for \$1?—A. There is an agreement on this matter.

By Mr. Jackman:

Q. Was Studebaker the only offer you had?—A. We had one offer that was not considered satisfactory following our advertising. That offer, if I remember rightly, was for about \$450,000 and included in that offer were other buildings adjacent to this plant, which have not been sold to Studebaker for the \$500,000.

Q. Otis-Fensom did not make an offer at all?—A. No.

Q. May I just ask how you do go about selling a large industrial plant like that one? Do you employ people who look around for possible purchasers and decide that Studebaker might come over to this country and manufacture its own cars, and here is a plant we might be able to sell them, or do you just make your formal offers in the newspapers or through trade journals and expect someone to come? Do you have men such as the type who would be attached to a chamber of commerce seeking businesses to occupy these premises or are your selling endeavours chiefly pacific through advertising and waiting for people to come to you?—A. At the moment we have not found it necessary to put anybody on to go out searching for customers for this type of property. What actually happens is that prior to the advertisement, people know they are available for sale and we have numbers of applications that are brought into us by chambers of commerce and the industrial people attached to the two railways who sort of act as our unpaid agents and do a very good job for us.

Q. I suppose the cities themselves are eager to have employment?—A. The cities themselves are very anxious on these matters. We have a lot of unofficial salesmen on this job that we do not pay.

By Mr. Macdonnell:

Q. Having said that in a general way, and it is very interesting, would it be possible or proper to tell us exactly what does happen in a certain case

or do you feel you should not mention that? For instance, I should like to know in the case we are discussing what your plans were, whether, for example, you felt that an auction would be quite improper, or did you form your opinion as to the most likely purchaser and then have your negotiations entirely with them excluding others, or what you did do, if that is a fair question?—A. Well, as far as we could see we had the one offer for this plant which was not considered satisfactory, and then the Studebaker Corporation approached us in the matter and we went into it very thoroughly with them. I think everybody knew this plant was available for sale, and we had no further offers at all.

By Mr. Golding:

Q. The industrial reconversion branch of the Department of Reconstruction and Supply operates in connection with these plants, do they not?—A. If we have a plant like this and we have one or two or three applicants for the plant we will refer that to the Department of Reconstruction and Supply as to which appears to be the most suitable purchaser from their point of view. We do not act arbitrarily in this without consulting with Reconstruction and Supply on the sale of big industrial properties. I think you will find that is covered in my brief that I am preparing now as to the policy we adopt on that. It is covered in fair detail.

By Mr. Winkler:

Q. In this case did the city of Hamilton endeavour to encourage you to make the sale?—A. Yes. I cannot say specifically the city of Hamilton, but we had quite a number of people working on this to try and get Studebaker established there. I know that.

By Mr. Probe:

Q. May I refer to a question that Mr. Berry answered yesterday which I asked? I asked Mr. Berry if he would make a statement on the negotiations, if any, between the Department of Veterans Affairs and his Corporation dealing with the provision of motor vehicles, tools, and other equipment useful for veteran re-establishment. Mr. Berry told me that his answer would be along the lines of the evidence he gave before the Veterans Affairs Committee which was contained in the third report of the committee. I should like to ask him if that is all inclusive, if that is the extent of the negotiations or if he has anything to add to that. I would really have liked to have had that copied into this report as well. There have been no negotiations beyond what you indicated in the evidence before the Veterans Affairs Committee?—A. We have had certain discussions with the Department of Veterans Affairs in the matter.

Q. You see I had hoped we would have a clear picture of the extent to which the Department of Veterans Affairs has negotiated with War Assets Corporation for the re-establishment of veterans from materials that you could provide. While you answered a considerable number of questions in that committee it seems to me that the negotiations did not lead us anywhere. Is there anything in addition to that evidence?

Mr. CORÉ: It might be more appropriate if Mr. Probe would mention the points on which he would like Mr. Berry to elaborate after reading that report of the Veterans Affairs Committee.

Mr. PROBE: I will bring it up again. I have not the report here.

The WITNESS: I think the whole of it is summarized in the statement that War Assets Corporation is not in a position to go into the retail business.

By Mr. Probe:

Q. But then the Department of Veterans Affairs told us in the House there were certain negotiations and discussions taking place, and your statement simply indicates that it is not feasible to tie Veterans Affairs in with War Assets Corporation?—A. It is possible to tie Veterans Affairs in with the Corporation, but what I cannot make out of this discussion at the moment is what we should do and what part it plays in our discussions? We have discussed with Veterans Affairs the possibility of selling to veterans direct, and we have come to the conclusion, as we have in a large number of other cases, that War Assets Corporation cannot go into the retail business.

Q. And that was the end of the negotiations?—A. As far as I remember, yes.

By Mr. Reid:

Q. May I ask Mr. Berry this question? In the case of your department taking over a large plant—and I have particularly in mind the large Boeing aircraft plant in the constituency of New Westminster generally referred to as the Vancouver plant or Vancouver airdrome, where millions of dollars have been spent on those buildings and hundreds of thousands of dollars worth of machine tools—what steps will you take to dispose of those valuable machine tools?—A. I was rather hopeful I had covered that generally yesterday and the previous days when I explained that as soon as we get a plant like that with surplus in it, and as soon as we can provide the labour, we put in a supply department clearance team which inventories all the material and having inventoried, then they pass the lists over to the sales department who proceed with sales as fast as possible. That work is proceeding at the Boeing plant at the moment.

By Mr. Macdonnell:

Q. I want to revert to my previous question. I can quite understand in the case of the transaction we were discussing, the Studebaker case, that you may have been perfectly entitled to come to the conclusion, as I gather you did, first of all, that it was well known in the trade that this plant was available and that you felt when you got in touch with the Studebaker Corporation you should stick with them. I imagine that might be true of large and important transactions, but I should like to ask a very specific question, and that is whether you have decided that it is not desirable to follow what I take it would be almost routine in the course of ordinary business? If any trustee, let us say, had a large plant to sell he would certainly feel it was necessary in some way or other to call for tenders if it were undesirable as it might very well be to put it up by auction. If I understood correctly you have decided or, at any rate, by your practice you indicate you do not think either auction or tender is a desirable way to proceed. If I am right in that I should like to ask you whether you think in the case of smaller plants not so well known throughout the country that is necessarily a wise procedure?—A. I think you will find when I present this brief on procedure for the disposal of real estate and buildings that we call for advertising on a very broad basis. In the case of the Studebaker plant I stated here that was advertised. We do try to follow normal business practice in all this stuff. We do try very hard.

Q. Would you not agree it is one thing to advertise and it is another thing to say that at a certain date we will receive tenders? Advertising it itself does not necessarily—A. Most of our advertising states that bids will be received up to such and such a date.

Q. All right, that is the answer.

By Mr. Coté:

Q. Incidentally, do you expect the statement to be ready shortly?—A. I am hoping to have it ready shortly.

Q. We are having our next meeting on Tuesday?

The CHAIRMAN: Tuesday. Mr. Berry will not be with us either Wednesday or Thursday.

The WITNESS: I have a directors' meeting in Montreal on Thursday and I have to leave here Wednesday.

By Mr. Jackman:

Q. Has Mr. Berry another question to answer? Otherwise I should like to put one.—A. The last one is a question as to how much has been paid for freight or other cartage by the Corporation (a) on material being concentrated by War Assets Corporation; (b) on deliveries by War Assets Corporation to the buyer or dealer. That is the notation I got on the question. I do not believe that is the entire question.

By Mr. Probe:

Q. There was one thing added to that. The purpose of it was to indicate that there might be considerable freight spent on long haulages, and I used the phrase, "as between provinces" when I sent you up a copy of the question. I did use that phrase, "as between provinces", haulage from one province to another—"and moved from province to province". That was the way I had it.—A. I tried to investigate this quickly when I got back to the office yesterday afternoon to see if there was a possible answer, and it appeared to me as though we were possibly paying out three kinds of freight, one for the movement of material from the point, at which it is reported as surplus to us, to our own warehouse, which I take it you are not interested in?

Q. Not if it is a local matter.—A. The second one would be the payment of any freight from our location to the seller's premises.

Q. I am interested in that.—A. And the third one would be where we ourselves move material from one location where it may not be readily saleable to another location where it may be readily saleable.

Q. I am interested in that.—A. I have not got the answer to the second one, but on the last one a quick check of our books shows that we have spent \$75,390.83 on that type of movement, and that is made up in the main of \$62,756.83 in moving a lot of construction material and equipment back from Goose Bay to Montreal.

Q. I had heard of that.—A. We did spend \$11,908 in moving material about for auction sales and concentrating it at one point for the auction sale.

Q. In general that is close to the final figure?—A. As far as we can tell. They advised me, to get this out in detail they would have to start four men on the job and it would take them about six weeks.

Q. I am not interested unless the amount is large. I do not consider that a large amount.—A. In relation to our operations that is comparatively small. In itself it is a significant amount, but in relation to the total it is not.

Q. What about the second one? You will still pursue that?—A. We will try to get that.

By Mr. Reid:

Q. What is the policy with regard to auction sales? To quote a hypothetical case, and yet not hypothetical, suppose you had 5,000 beds to dispose of at one depot and 10,000 chairs, 50,000 pairs of blankets, bureaus, dressers, and so on. What is the policy of your department in the disposing of large quantities of supplies located at one depot?—A. In cases like that we would try to put those back through the usual trade channels.

Q. That is what I am afraid of. Having declared that you do not know whether Boundary Bay has been declared surplus I am rather interested to know what is going to happen. I am afraid that these second-hand dealers will buy the whole lot and in turn sell them to the people who want them at an enhanced price. I have in mind a certain organization which wants 50 beds to take care of destitute children for the summer months. They want 50 beds. They are within two miles of them. I can see under that policy I might just as well write and tell them to wait until the second-hand dealers buy them and then go and buy them. They have not a chance under that policy. There are other hospitals and organizations wanting 100 beds, 50 chairs, or something else. They are there by the thousands in that large depot. Now we are told how they are going to dispose of them and it is going to happen in the same way as it happened on the Alaskan highway. One or two dealers will probably purchase the whole lot.

By Mr. Probe:

Q. Are they not protected under the Crown Assets Allocation Committee as priority purchasers?—A. If they come into the category of priority purchases.

Mr. REID: They might not be within the category and yet they are public institutions. I have in mind orphanage homes which take the children every year down to the seaside for two months. I am only citing one case. I might mention half a dozen. They are anxious for 100 beds to take care of those children. They are within two miles of where the beds are located. They are anxious to get them. They are not on the priority list, and yet if you set out to dispose of those articles at Boundary Bay with the large quantities there I can see that one or two men are going to handle the whole thing.

Mr. PROBE: Of course, they may be public-spirited citizens and they will give these beds away at the price they pay for them.

Mr. REID: The type of men who are anxious to get them I have never found to be very public spirited.

By Mr. Coté:

Q. Following up the last point raised by Mr. Probe I understand that it is not the policy of the Corporation to meet freight and cartage charges from the actual sale location to the purchaser's premises?—A. Our general policy is to sell on an "as is where is" basis.

Q. Have you any exceptional cases where you have had to meet the freight and cartage charges to the purchaser?—A. I could not give you a specific case. There may have been instances of that. I could not tell you offhand.

Q. But you have a firm policy?—A. Our general policy is that we sell on an "as is where is" basis, and as I explained yesterday running the volume we are, we try to make the general policy apply to at least 90 per cent of what we are doing. The other 10 per cent then becomes a question of individual decision by senior officials. Although I gave the general policy there may still be the odd exception to that general policy which has been passed on by senior officers of the Corporation.

Q. Would it be easy to check up whether you have had to depart from that policy?—A. I can check that up broadly, yes.

By Mr. Reid:

Q. I am coming back to my question. I wonder if you would not give some consideration to protecting and helping these people? I know you are not a philanthropic organization but would it not be possible to allow these organizations to purchase what they require at the prices quoted rather than letting one or two men grab the whole show?—A. I have to lay down broad policies for the Corporation, and this is the only way we can run and the way we can operate the volume we are running at. If I start making exceptions

to those policies all the way across the field then I am afraid my Corporation will fall to pieces and we will not get the job done we are supposed to do.

Q. After all good will is worth something and my information regarding what took place in the upper country is that the bad impression will last there for at least twenty-five years. They are miles and miles away from any centres. No farmer could buy any material at all from the surplus which the Americans had to sell through our organization.—A. I would say in reply, Mr. Reid, that if these institutions will make application at our local branch office there they will get proper consideration. They would probably be one of the 10 per cent cases I have been speaking about whereby we depart from our normal policy.

Q. That is all right.

By Mr. Probe:

Q. That should be a case where your local representative, if he has any function at all, should be able to step in.—A. He has got to use his bean.

Q. There would be one place where he could exercise it to the benefit of the community.—A. I should have said "head" rather than "bean".

Q. I have two questions to be answered later.

The CHAIRMAN: Mr. Jackman asked for the floor.

By Mr. Jackman:

Q. I do not want to open up the question of priorities again. It was brought up here a moment ago. I understand that when the United States has been disposing of its surpluses they have had the same trouble naturally about priorities to various institutions and that they decided in September of last year to set aside enough beds or mattresses, or whatever it might be, to supply and satisfy the priority customers and sell the rest at once. Are you familiar with that change in policy that took place across the line, and what is the applicability of it to Canada?—A. I am afraid I am not conversant with that. I will have a look at it though.

Q. It is just a magazine article. That is the only source of authority I have. Then I have one other question. We are having the three armed services tell us exactly how they determine what supplies shall be declared surplus and what shall not. I presume in addition to the armed services some of your assets for disposal come from the Department of Munitions and Supply.—A. Reconstruction and Supply.

Q. Now called Reconstruction and Supply, which was operating Crown companies?—A. Right.

Q. I wonder if we should not have some statement in regard to their assets, whether or not they are being turned over sufficiently fast, or could Mr. Berry say that all the industrial assets are being turned over except those reserved by the Crown Arsenals Company?—A. Yes. I would say that surplus is coming to us pretty quickly.

Q. It has not all come to you yet. Has it all been listed with you except what is reserved specifically for Crown arsenals?—A. That, I cannot answer. I should think most of it has, the major amount of it has.

Mr. McILRAITH: There would be other things than just the things which are going to Canadian Arsenals Limited, there would be such things as the Polymer Corporation which has nothing to do with the Canadian Arsenals plant at all.

Mr. JACKMAN: I wonder if we could have a statement, it should not be too big a job, of all the parcels of assets of reconstruction and supply that are being taken by that department, and are not available for surplus requirements.

Mr. REID: I do not know that this is a question that should be asked to-day, or whether this is the proper time to ask it, but I think it is important. I

would just like to develop that point about the destruction of large quantities of materials by War Assets at different points throughout Canada. I think that is a matter which should be drawn to the attention of Mr. Berry, and I suggest the public should be given a statement regarding any destruction of materials that has taken place. There is a reason for my suggestion. There has been destruction and the statements and reports which have got about is having a disturbing influence on the minds of the people. If they do, a statement as to just what kind of thing is being destroyed and the reason for it might allay a good deal of apprehension. I think if we could have a statement from Mr. Berry about it it would be a fine thing.

The WITNESS: I think, Mr. Chairman, if that statement is issued it would have to be in consultation with the R.C.A.F. I would not like to issue one on my own without consultation with the R.C.A.F.

Mr. REID: I do not know who is responsible. I have seen pictures shown of huge piles of material to be destroyed or being destroyed; no one was allowed to obtain any of it, it was to be destroyed, and there have been statements of different kinds made about such things. I think statements should be made by responsible officials to the public.

Mr. GOLDING: Is the matter you refer to one that appeared last year?

Mr. REID: That happened at the beginning of March.

The CHAIRMAN: March of this year?

Mr. REID: Yes.

Mr. JACKMAN: There are no other sources to which surpluses might go except through your hands and the department of reconstruction and supply?—A. We are in the position of having to receive surplus from all of the departments. The bulk of our surplus comes actually from five sources; one is the three armed services, the department of reconstruction and supply, and the surplus in Canada of property of the United States government.

Q. You mentioned other government departments; you do not deal with anything except war surpluses do you?—A. We deal with all surplus.

Q. Could you give me an example?

Mr. CORRÉ: Does that include office supplies?

The WITNESS: Mr. Irvin reminds me here that public works declared surplus a wharf.

Mr. JACKMAN: A wharf?

The WITNESS: A wharf. I remember at one time having a report of surplus from one government department covering a diving platform on some lake, and on the bottom of the report it said: this diving platform is now sunk.

Q. Do you get any substantial amount of materials from some sources?—A. Rather substantial.

Q. Would it be a thousand dollars' worth, from other government departments?—A. There are substantial surpluses which come from the three armed services and reconstruction and supply, and that surplus which the United States government is turning over to us in Canada. Those sources account for 95 to 96 per cent of our total surplus.

Mr. PROBE: I would like now to present these two questions, the minister of reconstruction yesterday referred them to War Assets and I presume Mr. Berry will accept them. My first question is this: (No. 11 on the order paper of Thursday, April 4, 1946.)

No. 11—Mr. Probe

April 2—1. What surplus commodities have been sold by War Assets Corporation or other agencies to or for foreign accounts since V-E day and

what unit amounts of each have been disposed of to each country involved, and at what sale price?

2. Where paid for other than by cash, what amounts are now owing to Canada by each country involved?

3. What firms or individuals, if any, have received or will receive commissions on the sales mentioned in question (1) and to what amounts each?

Then my second question is this: (There was one submitted by Mr. Casselman): What number of Norsman and Fleet aircraft have been sold by War Assets Corporation as of February 1, 1946. What was the cost of these aircraft? To what persons were these sold? At what price were they sold? What commission was allowed on these sales? And to whom was it allowed?

The CHAIRMAN: Are there any other questions, gentlemen?

Mr. MACDONNELL: I have one other question. I see two companies about which I asked a question are not on this list. What I wanted to ask is this: I had certain suggestions made to me with regard to these sales—one of them was considered rather improper and one was considered to have been carried out under what seemed to be circumstances of very undue haste. For purely personal reasons I do not wish to name the companies, I purposely refrained from including their names because I do not want even a suggestion of criticism where possibly criticism would not apply. My question is this, can we see the correspondence and in that way find out just what happened? From the material which has come to my attention and because of my limited knowledge of the matter I am unable to make up my mind as to whether or not the suggested criticism is justified and I thought that if the file could be produced here it might be apparent from that just what the facts of the case were. May I say also, Mr. Chairman, that I do not want to put the names of the parties on the record, I merely want to see the file.

The WITNESS: I would be very glad to supply any information I can.

The CHAIRMAN: Mr. Macdonnell, are you referring to the question which you filed and which appears in the minutes of Tuesday, December 4th?

Mr. MACDONNELL: It would be about that time, Mr. Chairman.

The CHAIRMAN: I have a note here in front of me for the steering committee to deal with that particular question at its meeting to-day. I think Mr. Berry is quite prepared to bring anything that is required before this committee. Perhaps he will look up the correspondence in connection with that.

Mr. MACDONNELL: All I am interested in at the moment is having this information made available to us.

The CHAIRMAN: If that is your purpose then I would say that Mr. Berry would be quite prepared to show you the file at his own office.

The WITNESS: Yes, to him as a member of the house.

The CHAIRMAN: But if these papers are brought before this committee, then of course, they are going to appear in the printed record.

Mr. MACDONNELL: That answers my question.

Mr. COTÉ: Perhaps Mr. Macdonnell could leave it with the steering committee at its meeting this afternoon to decide exactly what should be brought before the committee in connection with it.

The CHAIRMAN: Now, gentlemen, we must take a record of this discussion. I wonder if Mr. Macdonnell would not, exercising his right as a member of Parliament, go over to Mr. Berry's office and ask for this.

Mr. MACDONNELL: That is fine.

Mr. GOLDING: Is that satisfactory?

Mr. MACDONNELL: Yes.

Mr. PROBE: I have one more question, and then I won't ask Mr. Berry any more questions to-day.

The WITNESS: To-day?

By Mr. Probe:

Q. Is there or was there anyone by the name of Dandurand employed in the corporation; was he discharged, and if he was discharged what was the reason for his discharge? If my personal information is correct he was an employee.

The CHAIRMAN: Is that on the order paper?

Mr. PROBE: No, this is one which has been in my own file.

Mr. McILRAITH: There is an item coming forward on the order paper giving a list of all employees \$3,000. or something like that, and the branch of the corporation in which they worked. That is coming forward.

(Mr. Probe continued off the record.)

The CHAIRMAN: Mr. Berry has another statement he wishes to make.

The WITNESS: I stated previously, Mr. Chairman, that I had no statement prepared as regards the statistics division in the corporation. I have received a telegram now from Montreal which reads as follows:

From A. E. McMaster, VP & GM War Assets Corp, Mtl. The statistics division of organization and personnel department has been established to service all departments of the corporation but is presently in a formative stage consisting of four people. Its present functions are as follows:—

- (1) To compile sales statistics according to categories of materials sold, types of purchasers and by provinces.
- (2) To maintain staff statistics according to department and location covering number employed, placements, separations, proportion of veterans, rate of turnover, etc.
- (3) From time to time to prepare more detailed special reports on above upon request.
- (4) To prepare various supporting statements included in corporation reports required at year end, etc.

The CHAIRMAN: That clears up our agenda, gentlemen, we will meet again on Tuesday morning next at 11.00 o'clock.

The committee adjourned at 12.45 o'clock p.m. to meet again on Tuesday next, April 9, 1946, at 11.00 o'clock a.m.





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(SESSION 1946
HOUSE OF COMMONS)

SPECIAL COMMITTEE

ON

WAR EXPENDITURES AND ECONOMIES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 4

TUESDAY, APRIL 9, 1946

WITNESS:

Captain G. B. Hope, Assistant Chief, Naval Administration and Supply.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1946



MINUTES OF PROCEEDINGS

TUESDAY, April 9, 1946.

The Special Committee on War Expenditures and Economies met at 11.00 a.m., the Chairman, Mr. Isnor, presiding.

Members present: Messrs. Benidickson, Bradette, Cleaver, Cote (*Verdun*), Golding, Homuth, Isnor, Jackman, Marier, Marquis, McCullough, McGregor, McIlraith, McLure, Michaud, Probe, Reid, Stewart (*Winnipeg N.*).

In attendance: Captain G. B. Hope, Assistant Chief, Naval Administration and Supply, and Commander E. G. Arnold, Naval Assistant to the Deputy Minister of National Defence (Navy); Colonel William Gordon Denney, Director of Ordnance Services (Provisions), Branch of the M.G.O.; Air Commodore R. A. London, Director of Equipment Supply, R.C.A.F.; Messrs. H. R. Low and J. S. Irvin, Assistants to the President, War Assets Corporation.

The Clerk read the Second Report of the Steering Committee, as appears in this day's Minutes of Evidence.

On motion of Mr. Reid the said Report was adopted.

Captain Hope was called. He read a statement on the disposal of surplus naval assets and was examined thereon.

At 12.50 p.m., witness retired and the Committee adjourned until Thursday, April 11, at 11.00 a.m.

R. ARSENAULT,
Clerk of the Committee.

REPORT TO THE HOUSE

WEDNESDAY, April 10, 1946.

The Special Committee on War Expenditures and Economies begs leave to present the following as a

THIRD REPORT

From the evidence thus far received by your Committee in relation to its inquiry into the disposal of surplus war assets, it would seem that the disposal of surplus material could be effected with greater expedition by revising the present method of granting priorities insofar as the time element is concerned. Your Committee, therefore, recommends that in respect of priorities granted to federal, provincial and municipal governments, the thirty day period now in effect, be reduced to ten days.

The suggestion has also been made to your Committee that when surpluses are to be declared by the armed services, or from any other source, advance notice be given to War Assets Corporation so that a representative of the Corporation be on hand to check and receive such surpluses. This, we believe, would result in greater efficiency and added economy, and your Committee recommends accordingly.

All of which is respectfully submitted.

GORDON B. ISNOR,
Chairman.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

April 9, 1946.

The Special Committee on War Expenditures and Economies met this day at 11.00 o'clock a.m. The Chairman, Mr. Gordon B. Isnor, presided.

The CHAIRMAN: Gentlemen, we have a quorum and we will at once proceed to business. The first order of business today is the report from the steering committee which I will now ask the clerk of the committee to read to you.

Your steering committee begs leave to present the following as its second report:—

Your committee recommends:

1. That with respect to questions submitted to your committee on April 2 on behalf of Messrs. Fleming, Castleden and Fraser, the parliamentary assistant to the Minister of Reconstruction, Mr. McIlraith, be requested to consult with the president of War Assets Corporation with a view to securing information available from the Corporation.

2. That the motion submitted by Mr. Probe on April 2 with reference to the sale of motion picture projectors be dropped insasmuch as it has been brought out in evidence that there are no such projectors for sale.

3. That representatives of the Departments of National Defence be heard during the present week, commencing this day with a representative of the naval services.

4. That evidence on ships disposed of through War Assets Corporation be heard at an early date following the Easter recess.

5. That Mr. Berry be requested to supply members of the committee, in advance, with mimeographed copies of his proposed brief on the disposal of real estate, the brief to be printed in the minutes of evidence on the date Mr. Berry will appear to answer questions on such brief.

6. That a report be made to the House embodying the following recommendations:—

(a) That in respect of priorities granted to federal, provincial and municipal governments, the thirty day period now in effect be reduced to ten days.

(b) That when surpluses are to be declared by the armed services, or from any other source, advance notice be given to War Assets Corporation so that a representative of the corporation be on hand to check and receive such surpluses.

All of which is respectfully submitted.

(Sgd.) GORDON B. ISNOR,

Chairman.

The CHAIRMAN: Gentlemen, you have heard the report presented by the steering committee, what is your pleasure?

Mr. STEWART: I did not get the point of the priority there; it is ten days for the federal departments, another ten days for the provincial departments, and another ten days for the municipalities; is that it?

The CHAIRMAN: Yes, as read by the clerk, the thirty day period is now reduced to ten days; formerly it was a period of thirty days in each case as far as the priorities mentioned were concerned, and that will now be of course ten days.

Mr. REID: I move the adoption of the report.

Mr. GOLDING: I will second it.

Motion agreed to.

Mr. PROBE: With respect to the motion which I asked the steering committee to consider, the question of educational equipment, I see that the steering committee has recommended that this motion be dropped because of the fact that there are no projectors available. Now, of course, there is no guarantee that there will not be projectors available in future, and perhaps in quantity. I would like to have the privilege of opening up the whole question of educational equipment, either through the steering committee or directly with witnesses as they come before this committee. With that reservation the report is satisfactory to me, Mr. Chairman.

The CHAIRMAN: That is quite in order, Mr. Probe. I think I should mention that we thought it had been dealt with quite fully but I am quite sure that all the members will approve of your suggestion that you might be able to reopen with any witness the question of educational supplies.

Mr. JACKMAN: What happens to our recommendation on the ten days now, do we include that in our next report to the House?

The CHAIRMAN: Yes, and the report is already written.

Mr. JACKMAN: Will that be tabled in the House this afternoon?

The CHAIRMAN: We will table that in the House either this afternoon or tomorrow.

Mr. HOMUTH: Is that necessary? Is it not up to the War Assets Corporation itself?

The CHAIRMAN: I can only answer that in this way. I remember the evidence as given by Mr. Berry was to the effect that they followed in the early stages of their operation a policy which had been approved by the minister; and, if so, I think as a matter of courtesy it should be reported by this committee to the House.

Mr. REID: Mr. Chairman, I do not think any directional recommendation can go direct from this committee to War Assets because the House is sitting and any reports this committee has, or any recommendations, must be presented through the House of Commons, the committee must report to the House of Commons.

The CHAIRMAN: I think that is proper procedure, that is what we are proposing to do.

We have with us today, as agreed at the steering committee meeting, representatives of the navy, the army and the air force. We are very pleased to have Captain Hope, who is in charge of naval administration and supply as our witness, and I am now going to call Captain Hope.

Captain G. B. HOPE, R.C.N., called:

The CHAIRMAN: Captain Hope, you are no doubt familiar with the terms of reference themselves. This committee has been set up for the purpose of enquiring into expenditures in connection with the war and also with a view to bringing about any measures which would promote economy. So with that thought in mind you may proceed with your statement.

The WITNESS: Do you want me to read this?

The CHAIRMAN: If you will, please.

The WITNESS: Mr. Chairman and gentlemen, I have prepared this brief statement on the disposal of surplus naval assets.

STATEMENT REGARDING DISPOSAL OF SURPLUS NAVAL ASSETS

Following V-E day, steps were taken to arrive at decisions regarding what ships, bases and stores were to be declared surplus. Plans were formulated to retain equipment needed for the Pacific war until V-J day, and for the requirements of the post-war Canadian navy. The remainder was to be declared surplus immediately.

It was necessary to formulate a detailed program as to what ships, bases and stores were surplus and what outstanding contracts were to be cancelled. These considerations were dealt with by naval staff and approved by the naval board, and as a result, all ships, bases, etc., not immediately required, were declared surplus. Following V-J day, the declaration of ships, bases, etc., no longer needed after victory in the Pacific theatre and for the building up of the post-war navy was commenced.

After the approval of the naval board was obtained, all departments at headquarters reviewed their requirements for each class of ship and base, designating that equipment which was to be removed for further use, or for the drowning of secret parts of equipment no longer required. Based on naval board's directions and the recommendations of the directorates concerned, instructions were issued, as a result of which declarations of surplus were passed to Crown Assets Allocation Committee.

Naval stores were declared surplus by the naval bases concerned on recommendation of the base disposal committee and forwarded to headquarters for concurrence. A policy was established to retain sufficient consumable stores for 3 to 5 years based on the anticipated rate of consumption of the peace time navy, and also for the retention of special equipment. This aspect is under constant review by officials concerned.

All surpluses declared are reviewed by the naval surplus disposal committee of naval service headquarters. This committee is made up of all directorates dealing with stores, equipment, property, armament, etc., and considers all recommendations for disposal, and recommends to a committee of two senior officers, those items to be disposed of. After approval by the senior officers, declarations of surplus are finally authorized by the deputy minister, who forwards them to Crown Assets Allocation Committee for further action towards disposal.

In the early stages of disposal, delays occurred in acceptance by War Assets Corporation due to a shortage in their staff, trained personnel and storage space. This delay however has been largely overcome and a considerable improvement has been noted in this respect.

It is noted that Department of Veterans Affairs have taken over three hospitals and sixty-one other buildings at Sydney, St. Hyacinthe and Cornwallis. to date, 31st March, 1946, 314 major vessels and 382 local and harbour craft have been disposed of. Nine major naval bases—Shelburne, Cornwallis, St. Hyacinthe, Prince Rupert, Sydney, Somers Isles, Kings, Conestoga and Fort Ramsay—have also been disposed of. Disposition in these cases involves return of property to owners, cancellation of leases or turning over to Crown Assets Allocation Committee. The few remaining surplus assets will, in all likelihood be disposed of within the next few months.

The original cost value of the total surplus declarations to date, the 31st March, 1946, is as follows:—

Stores	\$ 14,353,284 75
Ships	223,391,221 93
Properties	12,503,132 92
Total	<hr/> \$250,247,639 60 <hr/>

OTTAWA, 9th April, 1946.

By Mr. McCullough:

Q. Would it be in order to ask Mr. Hope how much has been recoverable of that amount?—A. I would not know that.

Mr. MCGREGOR: That would be up to War Assets to account for, would it not?

The WITNESS: That is correct.

By Mr. Bradette:

Q. In paragraph 2 of your statement you deal with ships and bases declared surplus, then in paragraph 4, you state: "A policy was established to maintain sufficient considerable stores for three to five years based on the anticipated rate of consumption of the peacetime navy, and also for the retention of special equipment." Would you explain that, please? —A. The policy regarding the retention of stores for three to five years was applicable to stores. The other paragraph referred to ships and bases.

Q. Ships and bases only?—A. Yes.

Q. "Etc." What would be the meaning of that "etc."?—A. Might I correct myself and say that the "etc." really refers to more special equipment and not simply stores.

Q. Not simply stores?—A. No.

By Mr. Reid:

Q. Might I ask Captain Hope about the change in the programme, referring to the personnel of the navy, in the handling of stores and all such materials after V-E Day. I find the first sentence says: "Following V-E day, steps were taken to arrive at decisions regarding what ships, bases and stores were to be declared surplus". At that time, of course, the Pacific war had still to be fought, and therefore that material became surplus with the approval of the naval staff; these considerations were dealt with by the naval staff and approved by the naval board. Further down you find what appears to be a change in the set-up of deciding about surplus material because it says in paragraph 4: "naval stores were declared surplus by the naval bases concerned on recommendation of the base disposal committee and forwarded to headquarters for concurrence". Here we find naval stores being declared surplus by the naval bases themselves on the recommendation of the base disposal committee. They have a new factor entering into that, and to my mind there has not been a great deal of evidence so far, although I suppose we can get it as time goes on, Mr. Chairman, but to me it is not clear yet and I would like to check up on the disposal of these stores by the navy. There seem to be so many different boards and I would like to get a clear picture of the setup; first of all, who decides at the present time what material and equipment becomes surplus to the navy; and that decision having been taken, what board of the navy then sits in judgment, and, from there on, how does it progress until it finally reaches the war allocations committee or the War Assets Corporation? This brief does not explain that to me, at least not as fully as I would like to have it. I would like to have it more clearly defined.

The CHAIRMAN: Mr. Reid, so that Captain Hope will understand, you are referring more particularly to stores as covered by paragraph 4?

Mr. REID: Both to stores and ships. If you will read this you will find that the first reference is to ships rather than stores which were to be declared surplus after V-E day, with the Pacific war in mind; then, if you will go down further you will find naval stores declared surplus by naval bases themselves on the recommendation of the base disposal committees, and forward right to headquarters for concurrence. Now, if you read the first three paragraphs, that has to do only with ships and stores recommended for disposal after V-E day. It is not clear to me anyway.

The WITNESS: Mr. Chairman, Mr. Reid, I think perhaps I could clarify that by saying that there is a broad and definite division between ships and bases—as between ships and bases and naval stores. Naval stores by their nature have to be treated in a different way. The naval board or the naval staff cannot go through all the inventories of considerable goods found to be surplus in the warehouse; that must be treated as surplus by the local authorities.

By Mr. Reid:

Q. Could you define to us—first of all take ships, then, naval bases, and then go to stores—and define to us first the steps that are taken and under whose authority they are declared surplus and to whom; and how much time it takes for that recommendation, or for the decision on that recommendation, to reach the war allocations committee or the War Assets Corporation?—A. Yes, Mr. Reid; all ships and bases are a definite naval staff requirement. They require them for certain operations, that is purely a decision of naval staff and for naval board.

By Mr. Jackman:

Q. We do not understand the difference between the naval staff and naval board, we laymen are not familiar with naval terms; could you explain.—A. The naval staff is a body of officers whose duty it is to establish naval requirements, both in ships and bases, and equipment. They are chiefly composed of technical officers.

By Mr. Reid:

Q. There might I interject and ask with respect to boats; does that come from the minister of the department as to what the requirement will be? I want to get the mechanics of it right through from the beginning, regarding what ships would be required; would that come from the minister of the department, as to the strength of the navy?—A. The overall policy would originally be established on a high government plane, as to the total strength of the navy. That having been done, it is then the function of the navy to carry that out; and that is done by a staff of technical experts who have arrived at conclusions as to what type and number of the various classes of vessels are required to carry out its function. There decisions are arrived at, and approved or not as the case may be, by the naval board, that board is headed by the minister.

By Mr. Stewart:

Q. Who else is on the naval board?—A. The Minister of Naval Defence, the Deputy Minister, the Chief of the Naval Staff, the Chief of Naval Personnel, the Chief of Naval Administration and Supply and the Assistant Chief of Naval Staff.

By Mr. Jackman:

Q. And the only two outside of the service are the minister and the deputy?
—A. Correct.

Q. In the case of ships, the naval staff decides first, or the naval board, what ships will be surplus; how do you decide that exactly, who takes the initiative?—A. The naval staff. They have been told they have a certain function to perform and they determine what ships are required to carry out that function.

Q. And the naval boards do the reviews?—A. Reviews and confirms or not, as the case may be.

Q. That is the case of ships?—A. And bases, the same thing applies to bases.

Q. How small craft does the term "ships" embrace?—A. Right down to local craft.

Q. Dinghies?—A. No, that is a stores item.

Q. Perhaps they would consider Fairmile a ship?—A. They are ships, the terms include all fighting ships of whatever size.

Q. How low down the scale of craft do you go for it to become stores on a ship?—A. Now, that is quite a point; actually a vessel is a stores item if it is capable of being carried on a ship, on a large ship.

Q. Then you would call the little yacht the captain uses, I think it is called a tender—stores?—A. That is a stores item.

The CHAIRMAN: I am afraid you are getting into deep water there.

Mr. JACKMAN: I don't come from the maritimes, Mr. Chairman.

By Mr. Jackman:

Q. In connection with naval stores, how is a decision made as to what is surplus.—A. Decisions are made based on policy. As I stated, a policy was established of retaining sufficient consumable stores for a period of three to five years.

Q. Take machinery though?—A. All the various bases and naval stores officers at the bases were informed of this and directed to arrive at their requirements and declare all surplus stores and report back to the base disposal committee.

Q. That would be made up by the commander of the base?—A. Yes, either the commander or his chief of staff would be chairman on the committee.

By Mr. Stewart:

Q. Might I ask what was the pre-war policy followed in regard to carrying stores; did you carry stores before the war on the basis of from three to five years requirements?—A. I regret to say that I cannot give you any information on that because I was then a retired officer and I was not in the navy.

Q. I was just wondering why that was decided as the policy to be followed, whether it had any connection with the practice of the American service where Congress would not be sufficiently generous with them and are carrying over a great amount of stores?—A. That has not been our policy, it has not been and will not be in any shape or form, what could possibly be described as hoarding. With that end in view I have been sending, and am continuing to send officers from my own staff to the various points to inspect the quantities held to see that there is no hoarding taking place.

Mr. BRADETTE: In paragraph 6—

The CHAIRMAN: Mr. Bradette, just before we go on to paragraph 6; I would like if possible for all the members to have an opportunity of asking questions relating to paragraph 2, mainly ships and bases, and then we could go on to paragraph 4 dealing with stores, and so on. I think perhaps that would give us a fairer picture.

Mr. STEWART: Before we go on, may I ask if perhaps I can get an answer to my question as to pre-war policy followed with regard to stores?

The CHAIRMAN: Yes. I would like to have it on record. But I thought perhaps as we were discussing ships and bases we might clear that up now and have these other questions come later.

Mr. BRADETTE: I am satisfied.

By Mr. Probe:

Q. In paragraph 2 he says, "it was necessary to formulate a detailed program as to what ships, bases and stores were surplus and what outstanding contracts were to be cancelled." This perhaps has little bearing on bases and stores, yet it may have. Is the navy itself empowered with making contracts in the first instance and therefore has the power to cancel them, or was that under the jurisdiction of the Department of Munitions and Supplies?—A. That was under the jurisdiction of the Department of Munitions and Supplies.

Q. And you advised them that these contracts should be now cancelled, rather than stating that you had cancelled them yourselves?—A. We do not cancel them ourselves, we requested that the munitions and supply cancel them on our behalf.

Q. You also had certain properties leased in that connection; did you make the leases yourselves or were they also made by the Department of Munitions and Supplies, and therefore you recommended that the leases be cancelled and the property returned to the owners?—A. No. The leases were made by naval services.

Q. By naval services?—A. Yes.

By Mr. Bradette:

Q. Your paragraph 2, dealing with bases, I see that it refers to bases as well as ships disposed of. To a layman like myself it would be astonishing that these naval bases had been established if they were no longer needed for naval purposes. What about policy? If these bases are being given up, then the government ought to explain the cost of expropriation and so on. What is the procedure of abandonment; I suppose these bases are turned back to the War Assets Corporation—Would you give us an explanation on that?—A. That is a matter of staff policy. I am not a member of staff so I cannot give their decision on that. But I might observe that to retain a base like Cornwallis for an indefinite period—what we hope may be a long time—would be a very, very expensive matter indeed. In certain cases staff had stipulated that important bases, or bases that might become important again in wartime should have the land retained. They have put a retention clause on the land.

Q. A retention clause?—A. Yes, so that the buildings which are of a temporary nature may be disposed of, but the land is retained with the title in the Crown.

Q. How many of the bases are left now under the jurisdiction of your department? You have disposed of nine. How many are left?—A. Halifax, Sydney, Esquimalt and St. John's, Newfoundland, which is mainly an admiralty commitment, of course.

Q. Those were the old bases, the permanent ones?—A. The permanent bases are Halifax and Esquimalt.

By Mr. Reid:

Q. In paragraph 2 it reads:—

These considerations were dealt with by naval staff and approved by the naval board.

Is the naval staff referred to in this paragraph the same as is referred to in paragraph 5 when it says:

All surpluses declared are reviewed by the naval surplus disposal committee of naval service headquarters.

Are those one and the same?—A. No, they are not.

Q. That is what I find confusing. There are so many different boards. That is why I asked the question in the beginning, to clarify the picture. I am still not clear, but perhaps that is my fault.—A. Naval staff is a committee made up, as I said, of expert officers dealing with their various subjects, but they have no direct connection with the stores problem. They are really functional. They are concerned with the functions of the navy. Stores are a matter of supply and are not directly concerned with the strategic situation or fighting a battle, but it is, of course necessary to keep the supply of stores intact. The staff officers have no real knowledge of stores. Therefore this disposal committee is chiefly composed of supply officers together with certain technical officers who can state their requirements to the supply officers, and that is the committee that reviews disposals or declarations of surplus from the bases.

Q. Is the naval board spoken of in paragraph 2 the same as the committee of two senior officers, as outlined in paragraph 5, who will finally approve, and after approval it goes to the minister or deputy minister? My question is is the naval board mentioned in paragraph 2 similar to the committee of two senior officers who finally review as outlined in paragraph 5?—A. No, they are not. I think I have already described the naval board. The two senior officers concerned are or were Admiral Stephens, who at that time was a member of the naval board but has since retired, and myself. At that time I was also a member of the naval board so really in the earlier stages it was a committee of the naval board but due to re-organization neither myself nor Admiral Stephens' relief are now members of the naval board, but we have continued to function with that authority.

Q. Do I take it that the procedure at the present time is as outlined in paragraph 5, that is, that all surpluses declared are reviewed by the naval surplus disposal committee?—A. They are.

Q. Am I right in assuming that is the procedure you are carrying on now?—A. Yes.

Q. All surpluses are reviewed by this surplus disposal committee and its recommendations for disposal goes before the committee of two senior officers?—A. Yes.

Q. After approval by the senior officers the declarations are finally authorized by the deputy minister? That is the procedure?—A. That is quite correct.

Q. That makes the picture clearer. My next question also has to do with paragraph 2 where it states:—

Following V-J day, the declaration of ships, bases, etc., no longer needed after victory in the Pacific theatre and for the building up of the post-war navy was commenced.

In declaring surpluses I suppose the department and the officials took into account what might be required in the post-war navy. Was information or direction given to you from the department as to what the post-war navy would consist of because depending on what that navy would consist of your surpluses would either be large or small?—A. That is correct. The naval board and naval staff received direction from the minister as to the size of the post-war navy.

Q. And anything that was declared surplus was declared in the light of that policy?—A. That is right.

By Mr. Homuth:

Q. You knew the requirements of the Canadian navy months and months before the House of Commons did?—A. I am not in a position to answer that.

By Mr. McGregor:

Q. Captain Hope, when you referred to material being disposed of you mean that it had been turned over to War Assets?—A. To Crown Assets Allocation Committee.

Q. But neither your department nor any other department outside of War Assets have done any selling?—A. We do no selling whatsoever.

Q. All you do is recommend what should be sold to War Assets?—A. That is correct, and prepare those surpluses for handing over to the Crown Assets Allocation Committee.

Q. You have nothing to do with any selling?—A. Nothing whatever.

Mr. MCGREGOR: I do not think we are very much interested in this. I think what we are more interested in is the selling.

Mr. PROBE: We have to know the background. May I ask with respect to this matter of declared surpluses—I think we have reached paragraph 3.

The CHAIRMAN: Are there any further questions on paragraph 2? If not we will proceed.

By Mr. Reid:

Q. I do want to ask one more question on paragraph 2 before we leave that. I am wondering if the amounts of surplus declared following V-E day were very extensive because according to the statement here materials were declared as surplus following V-E day and before the battle in the Pacific had been won. I am just wondering if they amounted to any considerable size. Have you any statement regarding what surpluses were declared? It is true there is a statement given at the end on page 2 but that is the total from when you started in to dispose of surpluses or recommend their disposal?—A. A considerable amount of surplus was declared and handed over to the Crown Assets Allocation Committee immediately following V-E day and prior to V-J day. I regret that I cannot give a very exact statement on that. As to the number of ships there were approximately between 80 and 90 corvettes declared surplus and handed over. There were 75 Fairmiles handed over and I think about 6 destroyers. One base at Gaspé was also handed over. I am afraid I have no figures on the volume of actual stores handed over.

Q. To follow that up there is one question I should like to ask regarding the disposal or recommendation to dispose of these ships. Did officers of the naval department visit these ships and take off the ships all supplies that were likely to be needed by the naval forces, or were these ships just recommended to be sold as is when in use? I should like to have a statement as to just what materials were taken off or recommended to be taken off these ships before being turned over to the War Assets Corporation?—A. I would like to refer to paragraph 3, Mr. Chairman.

By Mr. Probe:

Q. That was the question in part that I wished to ask. I notice that the statement shows that they reviewed their requirements and designed that equipment which was to be removed for further use or to be drowned, that is, in the case of secret parts simply to be dumped in the ocean, I take it. After you had designated the equipment you would use yourselves and designated that equipment that was on the secret list and which was to be drowned, and before you would turn those over to War Assets did the navy on its own initiative or

on instructions from War Assets remove the pertinent equipment which would be of further use in the one case or destroy that which could not be made public, could not be left in the hands of the ultimate user, or was that destruction and removal ordered by someone other than the navy?—A. As I stated in paragraph 3 after approval was given for the disposal of the ships the technical department at headquarters reviewed their requirements for each class of ship and base, designating that equipment which was to be removed for further use or for the drowning of secret parts of equipment no longer required.

Based on naval board's directions and the recommendations of the directorates concerned, instructions were issued as a result of which declarations of surplus were passed to Crown Assets Allocation Committee.

The naval staff and naval committees made up their minds as to what equipment was required for further use and instructions were given for that equipment to be removed from those ships.

Q. By the navy itself?—A. Prior to handing over to the Crown Assets Allocation Committee, regarding the drowning of secret equipment which we no longer required, and which could not be put on the public market, approval was obtained from Crown Assets Allocation Committee prior to any action being taken for the destruction or drowning of that material.

Q. That would be straight routine? They would not be in a position to say that a certain article must be kept? Your recommendation to all intents and purposes was acted upon?—A. Yes, it had to be. We were the only people in the position to say what we required.

Q. As to the stripping where was that done? Was it done where a craft was, in the case of a craft in a harbour, or were they taken to a central point to be stripped of the required equipment?—A. It was necessary to utilize one base for the de-storing of ships on the east coast and one on the west coast. Immediately following V-E day Sydney was designated as the de-storing point on the east coast, and all ships after they had been reduced in complement were sent to Sydney for de-storing.

Q. I heard a story that they were moved from Nova Scotia to somewhere in Quebec, Sorel, and stripped there. Was there any considerable amount of that in the case of corvettes?—A. No, that is not correct, not by the Navy. Ships were de-stored and prepared for handing over to the Crown Assets Allocation Committee at Sydney, and at Crown Asset's request they were then steamed by a skeleton naval crew to Sorel and handed over to Crown Assets at that place.

Q. Crown Assets really got them then at Sorel and not at Sydney?—A. That is correct.

By Mr. Reid:

Q. In looking over these ships your officers would be looking them over with the thought in mind, I take it from your remarks, as to whether the materials and the articles on these ships would be required by the naval authorities from the present time onward. They would give no thought in looking over the ships to taking off such things as radar equipment, beds or china. The thought of your officers was would these articles be required by your department and if not required they were allowed to stay on the boat?—A. That was our dominant thought. In the navy we were very very pressed for storage space, and we had no wish to take off any more than we absolutely needed.

Q. Probably I should not ask this question, but I take it from that the decision as to radar and china and beds and so forth would devolve on the War Assets Corporation after it was turned over to them. My next question has to

do with the guns which were placed on merchant ships.—A. I should like to say in reply to your question that any decisions to remove equipment were based solely on the future requirements as we then saw them for the Pacific war. Everything else was left on board the ships.

Q. That is clear. My question is regarding guns placed on merchant ships. Were the guns that were placed on merchant ships during the war placed there by the navy and under the direction of your department?—A. No, I had no direct concern in that.

Q. I mean on Canadian naval ships? —A. You mean merchant ships?

Q. I mean merchant ships.—A. That was arranged for by the naval staff. Any decisions as to fitting out of merchant ships were arranged and decided upon by naval staff.

Q. Who supplied those guns and what has happened to them since? First of all who supplied them? —A. A large number of guns were supplied by the Royal navy and some guns were supplied by the Canadian navy.

Q. What has happened to those guns since?—A. I am afraid I am not in a position to answer that at the present time.

The CHAIRMAN: You will supply the answer later on. The answer will be given later, Mr. Reid.

By Mr. Côté:

Q. Captain Hope, do you in some instances have to act as custodian for War Assets Corporation after some of these things, ships or bases or stores, have been declared surplus?—A. Yes, we do, for a certain length of time.

By Mr. Bradette:

Q. Are we through with paragraph 3? May I ask Captain Hope a question on paragraph 4 having regard to where it is stated:—

A policy was established to retain sufficient consumable stores for 3 to 5 years.

As the captain knows we believe that under peace conditions the three armed forces are inclined to be over-equipped. I suppose that is one of the main reasons why we were called on as a committee to find out whether you would have too much stores. Would you enlarge on what you mean when you say:—

A policy was established to retain sufficient consumable stores for 3 to 5 years based on the anticipated rate of consumption of the peacetime navy?

A. In arriving at that policy it was felt that for the navy to declare all stores down to say a six months or one year basis would be very poor economy. At the end of one year we would then have to go into the market and proceed to buy those same stores back again at several times the prices obtained in the disposal of them.

Q. So you have not got too much. You are just maintaining what you believe is necessary?—A. Yes. It was a question where one had to strike a balance as to what would be reasonable, and in arriving at that decision, of course, one had to consider the storage space available.

Q. Most of those stores would be non-perishable goods?—A. Yes, they are all non-perishable goods.

By Mr. Cote:

Q. After the drowning of secret equipment which has been previously authorized by the Crown Assets Allocation Committee do you send a report on such drowning to any government agency?—A. Yes, we report the quantities dealt with in that way to the Crown Assets Allocation Committee.

Q. Does that report include the cost of such equipment?—A. Yes, all our declarations, practically without exception, state the original cost of the article so declared.

Q. And the time and place where it was disposed of?—A. No, we do not report the time and place. Crown Assets in their reply to us authorize us to drown this equipment in a place designated by the naval service. Considerations of navigation, the safety of navigation, had to be considered in that.

By Mr. Stewart:

Q. Among the naval stores declared surplus would that include hospital equipment?—A. Yes, it would.

Q. I see you have disposed of nine bases. Were hospitals attached to each of those bases?—A. Not all, most of them.

Q. What has happened to the hospitals which have not been turned over to the D.V.A.?

Mr. HOMUTH: There is a clause further down covering that point.

By Mr. Stewart:

Q. D.V.A. took over three hospitals at Sydney, St. Hyacinthe and Cornwallis. If there were hospitals attached to most of the nine I should like to know what has happened to the hospitals which have not yet been turned over?—A. I should like to make it clear that the naval job is to declare surpluses to Crown Assets Allocation Committee, and actually from that point on it is no business of naval service as to what action Crown Assets Allocation Committee takes with regard to hospitals or any other buildings.

Q. Do you know if they have been declared surplus?—A. We declared them surplus. I do know in those cases I have mentioned the hospitals have been taken over by D.V.A. Actually at Shelburne the hospital is being taken over, I understand, by the provincial authorities.

By Mr. Probe:

Q. But through— —A. Through the Crown Assets Allocation Committee.

By Mr. Homuth:

Q. I am given to understand that there are large stores under the control of the navy, stores that could be used to great advantage in Europe by UNRRA and such organizations as that. I wonder in view of the fact that we have now the set-up of the future Canadian navy pretty well whether Captain Hope at some future meeting could not give us some idea of what stores we have on hand in the way of clothing and other equipment, medical supplies and so on, that could be very well turned over to UNRRA and used to great advantage in Europe under present conditions? I do not think there is anything secret about that information. I think that information should be made available to this committee at some later date.—A. I think I can say that all stores of clothing and hospital equipment that are not still definitely required in the navy have been or are in the process of being declared surplus to Crown Assets Allocation Committee.

Q. That takes in clothing?—A. That takes in clothing and everything. A case in point is that at the present time we are holding certain stocks of Wrens' clothing. The Wrens will be finally demobilized somewhere about August, and stocks which we are now holding, which have already been reduced to the minimum, will be finally declared surplus at that time.

Q. I wonder if we could have a knockdown of those items at some time?—A. You mean the items of stores presently held?

Q. Clothing, medical supplies, and so on.—A. Or the quantities declared surplus?

Q. Declared surplus or in the process of being declared surplus, and the amount retained.—A. I think we could.

The CHAIRMAN: That will be tabled later.

Mr. BRADETTE: As a member of the committee I should like to be clear that the amount retained would be pertinent to the activities of this committee. I want to be sure of that. The amount retained by the naval department is a matter of policy and I do not know whether it should be given to this committee. I do not think we have the power to do that. That is naval policy.

Mr. PROBE: I think it comes under economies.

Mr. BRADETTE: I would be satisfied to get it but I want to be sure we have the right.

Mr. STEWART: I accept the definition of Captain Hope as to what hoarding is. I accept his word, but there may be an alternative definition of hoarding. Therefore it might be well that we should know what those amounts are.

Mr. REID: We are asking these questions in the light of what happened all through the years after the South African war when it was discovered that we were actually retaining saddles and keeping men to look after them right from the South African war. We are a little perturbed as to what quantities of stores the navy might be holding. I can understand why Mr. Homuth is anxious to know what supplies you have on hand.

The CHAIRMAN: Are you implying that the navy still uses saddles?

Mr. REID: They use many things that would cause just as much laughter, but I am not going into that. We have heard about the horse marines, but I understand they are only kept so the sailors can tell stories to them.

By Mr. Reid:

Q. I have two small questions I will read; On Clause 5; I wonder if Captain Hope could tell us how long a time it takes to go through all the steps—the time it takes to decide all the surplus, and the steps they have to take, all the steps, to get it released to the crown assets allocation committee?—A. You mean, Mr. Reid, the time taken from the time the base disposal committee makes up its mind?

Q. From the time the direction goes from headquarters to look over material and let headquarters know what is surplus and declare it. How much time does it take, because there are many parts. This supervision is not known, therefore I am just wondering how long a period of time would elapse before it would reach the crown assets allocation committee?—A. I would say on the average it would be a matter of three weeks.

Q. My other question is, has the senior officer or have the two senior officers the power of veto to change the recommendations coming before them from the various committees recommending that certain quantities of articles be declared surplus. When referring to senior officers, I am speaking of clause 5, "and recommends to a committee of two senior officers, those items to be disposed of". And now, have these senior officers the right of veto, can they change it, or do they have to take the recommendations of the committees.—A. Yes, they can.

Q. The final say is in their hands.—A. The final say is in the hands of the deputy minister.

Mr. REID: I realize that.

By Mr. Cote:

Q. At the bottom of the page you say, "it is noted that Department of Veterans Affairs have taken over three hospitals and sixty-one other buildings at Sydney, St. Hyacinthe and Cornwallis." Are those properties all located at the three places mentioned there—Sydney, St. Hyacinthe and Cornwallis?—A. Yes, they are.

Q. All sixty-one odd buildings.—A. Yes, they are mainly at Cornwallis.

Q. Further down you include Sydney among the nine naval bases that have already been disposed of?—A. Perhaps that is a little misleading. There are really two bases at Sydney. There is the main base at Point Edward, across the harbour from Sydney itself, and there was the establishment in Sydney.

Q. I notice that you mentioned that only the permanent bases were retained by the forces; Sydney, Halifax and Esquimalt.—A. I should perhaps more properly describe that as the base at Point Edward, Sydney.

Mr. COTE: I see.

By Mr. Reid:

Q. My next question is in relation to clause 6; "in the early stages of disposal, delays occurred in acceptance by War Assets Corporation due to a shortage in their staff, trained personnel and storage space. This delay however has been largely overcome and a considerable improvement has been noted in this respect." Are we to infer from that that there are still delays by War Assets allocation committee in taking over materials from your department?—A. Yes. The navy is still holding considerable surplus that has been declared for some little time that War Assets have not yet been able to take over due to shortage of storage space.

By Mr. Probe:

Q. Does that mean, Captain Hope, that you have these under cover or protected in some way? There is no shrinkage because of the fact that you are in the process of washing your hands of the ownership? You still take every precaution with respect to storing of it, the same as you would if they were still yours, still your responsibility?—A. All stores declared surplus are immediately frozen and held until taken over by the War Assets Corporation and held in existing naval stores buildings. They receive the same custody and protection as the balance of our stores, but they are frozen and if possible set aside and segregated.

Q. And in the turning over process how detailed a statement do you prepare; that is, when you turn these goods over to the Crown assets allocation committee, do you itemize everything by unit quantities, or do you say we have a building full of stores?—A. We itemize all surplus stores.

Q. In detail?—A. In detail.

Q. You are protected, your ledgers will balance, so that you can explain where everything has gone?—A. Yes.

By Mr. McGregor:

Q. Is the cost price on it?—A. The cost price is on the declared surplus.

Q. And in putting on the cost price, do you do that for your own protection, or is that asked for by War Assets?—A. I think it is by request of Crown Assets allocation committee.

Q. They ask for it? Everything you turn over has the original price on it?—A. Yes.

By Mr. Bradette:

Q. Captain Hope has said that War Assets are short of storage capacity. Would it not be possible for War Assets to have a list of what they have in stores and ships, and then for War Assets to be in a position to sell them from those stores? There seems to be a lack there somewhere. They might be in stores for a number of months yet. The navy department has storage capacity, and they could give an inventory to War Assets?—A. I am afraid it would not be possible within a naval base to turn a portion of a building over to War Assets to come in and sell those goods from.

Q. What I mean is not so much a portion of a building, as the goods being accessible to War Assets on request.—A. We would be only too happy to hand those stores over as soon as War Assets tell us where to send them.

Q. It is not so much a question of turning them over to their own warehouses or storage space; would it not be possible for War Assets to have access to items or goods held by you; they know where they are by the inventory or statement made by the naval department.—A. War Assets do know where those goods are.

The CHAIRMAN: I think perhaps what Mr. Bradette has in mind is a case something like this; if at Halifax you have a thousand jackets serge, and a thousand blankets ready for disposal, would it be possible to have War Assets advertise that quantity of goods, and to dispose of them without having to transfer them to a separate station?

The WITNESS: They do, in certain cases.

Mr. BRADETTE: Oh, they do?

The WITNESS: Particularly in the case of ships. We retain custody of a certain number of ships for a considerable length of time, and while they were still in naval custody War Assets have advertised them and prospective customers have come down and looked them over. That also takes place with respect to other goods. When you get down to what I might describe as shelf goods, it becomes rather impracticable.

By Mr. Homuth:

Q. With regard to Conestoga, that was formerly girls' training school. That has now been transferred back to the provincial government. What disposal has been made of, or what is the situation today regarding the old Preston Springs Hotel, which I think was renamed and up until recently had quite a number of naval personnel quartered in it. Can you tell me what the situation is with regard to that?—A. Conestoga has been disposed of.

Q. Yes?—A. Preston Springs—I haven't that information with me, but as far as my memory serves that has also been disposed of.

Q. Yes, I wonder if you could get us that information?

The CHAIRMAN: War Assets could give us that.

By Mr. Jackman:

Q. While Captain Hope is on this question I wonder if he could tell us what the present position is with regard to the R.C.N.V.R. headquarter premises in Toronto. I believe at least one of them is still occupeid. There is a very great housing shortage and it would seem as though the staff has been greatly reduced so that the disposal of that large house might be speeded up.—A. Are you referring to H.M.C.S. York?

Q. No, not the exhibition one.—A. Do you mean the house belonging to Mr. Jennings?

Q. The Jennings house, Number 142; and the one next to it?—A. Numbers 142 and 146 Preston Road?

Q. That is right.—A. Mr. Jennings house has been returned to the owner. The other house belonged to Mr. Coste and is in process now of being returned, and I anticipate that it will probably be returned this week.

Q. And might I ask if the navy has any storage space apart from that which is located at the naval spaces you mentioned, Halifax, Esquimalt and St. John's, Newfoundland? Have you any storage space outside of the large naval bases?—A. Yes, we have, in Montreal, Toronto and Vancouver. There is a naval storage depot in Vancouver, and, of course, magazine storage at several points.

Q. For powder, yes. You mentioned that you did not have very much space to store stuff, and that therefore you did not want to have any more equipment than necessary.—A. I also mentioned Sydney. We are now using the Sydney naval base at Point Edward for storage purposes.

Q. Have you large warehouses at these stations, or where do you keep the surplus you have set up for the next three to five years? Did you have that much located at the operating bases during the war?—A. In the pre-war operating bases and in the warehouses at the bigger bases; it was also necessary to establish storage space to warehouse it, as I stated, at Montreal, Toronto, Quebec and other points. The latter were all, practically without exception, leased premises.

Q. I think you are giving up some of these premises now. What I want to find out is this, how is it that you had all this material after V-E day and V-J day which you are now in the process of disposing of—A. We are shrinking. We are going through a very large programme of shrinkage and are in the course of moving out of Toronto, Montreal and Quebec, and all the leased premises. During the war we had approximately a million square feet of leased premises for storage purposes.

Q. How much would you have now, approximately?—A. I am afraid I would have to guess at that.

Q. Perhaps a half?—A. It might be a half, and that would be shrinking, in the next month or two, to a very small figure.

Mr. PROBE: That is good work.

The WITNESS: We have been pressing that aspect as hard as we can.

By Mr. Jackman:

Q. I was interested in your statement that when you turned naval stores over to the control of the Crown assets allocation committee you put a price ticket on them showing their cost?—A. Yes.

Q. Because I tried to find out from Mr. Berry the amount of the dollar cost of the assets which his company had for disposal. He said they tried to work out figures but that he had not been able to get anywhere on it, so that he does not know how many millions surplus, \$500,000,000 or a billion dollars of stuff, we have or will have. I will put the question this way: as far as the navy is concerned all naval stores and perhaps naval ships do have the original cost ticket attached to them as your responsibility is discharged and when the War Assets or the Crown assets allocations committee assume responsibility for them?—A. Yes, that is correct.

Q. As far as naval stores are concerned the cost is definitely known?—A. As I say in the last paragraph of my statement, the total value at cost price is \$250,000,000 odd.

Mr. JACKMAN: I think the navy ought to be complimented on that, because apparently War Assets could not get it from other sources. May I ask—

The CHAIRMAN: Just before we go on we better check on that statement because this is going into the records. I might just say that apparently they could not get that information from the other branches of the armed services. We will be asking them about that when they are here. I do not think that is hardly a fair statement.

Mr. McILRAITH: There is just one point that I wanted to add there as to the evidence we have heard, and that is the point made here the other day that the millions already sold could not be broken down in such a way as to give a comparative figure. That is wholly consistent with the evidence given by the witness. He has really told us the cost price of what has been declared surplus by the navy; but this witness does not know at what figure it has been sold, or, if he does know, it is outside of his province. Also, two other points were raised by the answers that are quite clear; that the method of handling

stores declared surplus might be such that they would be sold in different special categories, and you cannot set off one against the other because you can't break-down the information. Those two points were raised.

Mr. JACKMAN: A simple question was asked—just to clear away the haze that has been cast on the question—Mr. Berry was asked the cost of the assets which he had to dispose of; he said he could not guess it because that would be too difficult for them. As far as the navy is concerned we know what the costs are.

Mr. McILRAITH: That is right.

Mr. JACKMAN: Now I want to ask Captain Hope about secret equipment. One might assume that secret equipment is not easily manufactured. It must be very technical, a layman would think so anyway. Why not retain equipment of this type for future use rather than drown it?—A. the main reason for that was that generally speaking it would become obsolete, even while it was still operating in the ships.

Q. While it was still new and secret it became obsolete; is that right?—A. Correct. I do not think that is a contradiction because there is a principle involved, you might say that it is still there—but the actual mechanics of the thing becomes obsolete.

Q. So that it was not worth while using it as an operating entity or turning it over to War Assets for use as commercial object.—A. That is right.

By Mr. Probe:

Q. Following that one up with this. Would it be fair statement to leave before this committee that except for secret equipment nothing else was drowned?

Mr. McILRAITH: Ammunition.

Mr. PROBE: That is what I am getting at.

Mr. McILRAITH: And what about gas?

Mr. PROBE: I raised that some time ago.

The WITNESS: The only other item that was drowned, aside from the secret equipment was ammunition.

Mr. PROBE: We have just mentioned secret equipment?

The WITNESS: Yes.

Mr. PROBE: And we also mentioned ammunition, that was drowned; that would be naval ammunition I take it?—A. That is right.

By Mr. Probe:

Q. Do you also act as agents for the drowning of supplies for the air force or the army?—A. No.

Q. In the case of gas that was from your own reserve?—A. Gas—We didn't have any gas.

Q. You did not have any?—A. No.

Q. Another question, in fact I have two other questions; one is, do you go to any expense in accumulating your various articles at central points; that is, would you send a carload of clothing say from Ottawa to St. Hyacinthe, or from Sydney to Vancouver, or anything of that sort if it were declared surplus?—A. Our general policy with respect to declaring surplus any article was to declare it at the point at which it was located without incurring any moving expense if we could possibly avoid it.

Q. That is good business I think; and that policy was fairly rigidly adhered to?—A. It was rigidly adhered to.

Q. One more, Mr. Chairman, I wish to ask Captain Hope, and this is my final question, with respect to commodities which might be considered amenities for the naval service themselves; did you have any considerable quantity of

those, or were they in the hands of the auxiliary services?—A. They were mainly in the hands of the auxiliary services. They were not, strictly speaking, naval property.

Q. And therefore you would not assume any control of them when it came to disposing of them, that would be a matter for the auxiliary services themselves? You see, Mr. Chairman, I am coming back to this question of educational equipment, and as well, to be frank, motion picture projectors which have disappeared, that is we can't get them.—A. I think I may say that the facilities for entertainment and so on were handled by the special services.

Q. Canteen equipment and all that sort of thing?—A. Yes.

Q. And you do not lay down a policy as to what they are ultimately to do with the supplies, because they were not purchased out of navy funds and therefore the navy would have no control over them?—A. Certain types, there were certain types of equipment that were donated by public bodies, some of it purchased through public funds, and others again were bought by the men themselves out of canteen funds. Canteen fund equipment, paid for out of canteen funds is a matter for the canteens to dispose of as they see fit. The donated articles were handled by the special services branch. Certain types of equipment of a permanent nature we retained for future use in the navy.

Q. How about furniture in naval messes, would that be disposed of by special services?—A. When you speak of furniture what do you mean by that?

Q. The furnishings of the living rooms, lounges and so on?—A. Normally the navy furnishes the quarters.

Q. Which they did in your case?—A. Yes.

The CHAIRMAN: A lot of the furnishings and so forth in connection with corvettes, and with certain of the larger ships were donations from citizens. Do you include those as having been disposed of by the special branch?

The WITNESS: They are not handled through the naval disposal committee, they are treated on a separate basis altogether.

The CHAIRMAN: What happens in the case of these?

Mr. PROBE: I just want to get this point.

The CHAIRMAN: The Captain is just going to answer.

Mr. COTE: And there is another answer coming.

Mr. PROBE: Pardon me.

The WITNESS: Articles that have been donated to ships by public bodies if they are of a permanent nature they are retained, articles such as silverware and plate—

The CHAIRMAN: Carpets, how about carpets?

The WITNESS: I do not know of any case of their having been donated.

Mr. COTE: What about radios and projectors?

The WITNESS: Those are not naval property.

Mr. PROBE: And you exercise no supervision over them either?

The WITNESS: No.

Mr. HOMUTH: Is it not a fact that when a corvette is going to pass out of the picture that the lads just grab everything they possibly can, that everything just disappears? We may as well face the fact that these were donations from societies and organizations in the municipalities for which the corvette had been named. An when a corvette was tied up because it was going to be of no more use these things simply disappeared. Let us face the facts.

Some Hon. MEMBERS: Hear, hear.

Mr. HOMUTH: I don't think anybody worries about it, neither the people nor the town who donated the material to the corvette. Take the case of the one named after our own town, the *Prestonia*, why the things disappeared, the donations, that was the end of it.

The CHAIRMAN: Just a moment, please. Captain Hope is going to reply.

The WITNESS: I am not prepared to go into that question at the present time.

Mr. HOMUTH: Why don't they admit it.

Mr. PROBE: Then the navy has washed its hands of any responsibility for canteen or special type equipment, except that which they themselves bought; is that a fair statement?

The WITNESS: No, I am not prepared to say that.

Mr. BRADETTE: Of course in most cases when it was given there were no strings attached to it, it became the property of the navy.

Mr. PROBE: It should have some custodianship attached to it.

Mr. BRADETTE: Well, it is really the navy.

Mr. REID: My questions are these, I have two.

Mr. PROBE: Mr. Chairman, might we have a later statement from Captain Hope covering that in a general way?

The CHAIRMAN: I think we should, Mr. Probe. In view of the remarks made by Mr. Homuth, I think we should be particularly interested in the matter of corvettes. I think we should have a statement from him.

Mr. HOMUTH: These things were all given to the men by the various parties and organizations in the municipalities without any thought of what was going to happen to them afterwards, and some of these fellows who sailed the seas year after year got away with a frying pan, an electric stove, a radio or something; let's forget all about it.

Mr. PROBE: That is all very well, so long as some admiral didn't get it.

The WITNESS: I would like to say, Mr. Chairman, that none of these items concern public funds.

Mr. HOMUTH: None.

The WITNESS: I assume, of course, that you are interested in what concerns public funds.

Mr. PROBE: The statement made by Mr. Homuth goes further than that, he says a corvette might have been stripped.

Mr. HOMUTH: They were given to the men on the corvette.

Mr. BRADETTE: It applies to everything on a corvette supplied to the men.

Mr. HOMUTH: No, because they were given. I suppose that if the corvettes had been sold the navy would have taken them.

By Mr. Jackman:

Q. May I just follow that a minute; that donation made by a municipality, is it expected to become the property of the Crown or is it like canteen funds really the property of the men; is there a ruling on that for clarification?—

A. Donations given by public parties to the navy or ship are not the property of the men; they remain the property of the ship or the navy; but, as I said, public funds are not involved in that.

Q. But in the service there is a certain category for these canteen funds?—A. Yes.

Q. They belong to the men on ships, and I thought a similar policy would apply in this case.

The CHAIRMAN: Mr. Reid.

By Mr. Reid:

Q. My first question was regarding stores, ships and properties which have been sold amounting to \$250,247,639.60; were these all ships, stores and properties that have been acquired since 1939, or included in that are there naval department old stores? —A. I am not prepared to give you a definite answer to that. I should think it is more than possible that it was all stores and vessels acquired during the course of the war.

Q. And my next question is I think a little important, at least from the committee point of view, I mean, and it is regarding the statement made in paragraph 6; "This delay however has been largely overcome and a considerable improvement has been noted in this respect". That has to do with the fact that War assets allocation committee or War Assets Corporation are not yet in a position completely to take over all the stores and equipment available from your department. My question is this, is most of the material of which the war assets allocation committee apparently takes ownership on the ships, or does that include stores?—A. I have a statement here which I have made up for the month which sets out that point. Of the quantities that have been declared to the Crown assets allocation committee, we have the following quantities still in our custody. This is up to the 15th of March. Naval stores, we still have \$5,091,165 on charge; ordnance stores, that is munitions and guns, \$360,135; motor vehicles, \$253,454; ships, \$12,996,790; properties, \$9,558,747; making a total of \$28,260,593.

Mr. REID: Mr. Chairman, this statement is very important to this committee because, as you know, there has been considerable criticism about the quantities of stores lying around the country. In most instances War Assets Corporation are being held responsible for those stores not having been disposed of. When I rose to ask the question I had in mind particularly ships that are being held by the naval department, have been declared surplus, but have not yet been taken over by War Assets Corporation. I am wondering, Mr. Chairman, if one of the reasons the ships have not been taken over is owing to the fact that it requires experienced personnel to take over these ships. Take some of the large vessels. You cannot put inexperienced men in charge of a vessel even to keep it at its mooring berth because—and I am not saying this in a carping sense—I remember when war was declared on Japan out on the Pacific coast the navy took charge of all Japanese fishing vessels and many of those men even in the navy were inexperienced in handling those craft. Of course, it was rather crude. I am not going into that now but I think it might be well for the committee to consider, as there are ships and property being declared surplus by the navy amounting to millions of dollars, whether we could not recommend that War Assets Corporation bring their personnel up to date and be in a position to take over these supplies as soon as possible.

Mr. COTE: It has to be borne in mind there is only \$28,000,000 worth still in the hands of the navy out of a total of \$250,000,000. That is a rather small figure.

The WITNESS: Actually I would like to say that the ship position, which represented at that date \$9,500,000 approximately, has very largely cleared up in the last two or three weeks.

By Mr. Reid:

Q. Would these be mostly large ships, or would they be ships that could be made available for fishing?—A. They are in the main frigates and some corvettes.

By Mr. Homuth:

Q. Have you a breakdown of that first item you gave, or is that just the total?—A. Naval stores?

Q. Yes. Have you a breakdown of that there?—A. Of the type or where they are?

Q. Of the type.—A. No, I regret I have not.

Mr. PROBE: To follow up Mr. Homuth's question, could we not get a brief indicating the value, location and variety of the material declared surplus? We could use that.

The CHAIRMAN: That was requested earlier. There is a note made of it.

By Mr. Bradette:

Q. As to the original cost total being \$250,000,000 will that include all the secret equipment you mentioned that was destroyed?—A. That includes everything declared whether it is turned over to Crown Assets or destroyed or drowned.

Q. That includes the equipment and ammunition that was drowned?—A. That is right.

By Mr. McGregor:

Q. What was the approximate cost of the secret equipment that was drowned and of the equipment that was retained?

By Mr. Bradette:

Q. And ammunition?—A. I have the ammunition figures, I think. No, I am afraid I cannot give that information at this time.

Mr. BRADETTE: We do not want to load that up on War Assets again.

Mr. MCGREGOR: I do not know whether we want to do that or not. I think this committee ought to know what was the cost of that material destroyed. I think we should congratulate the captain on the record he has on the rest of it. I think he has just as good a one on that if he can find it some place.

The WITNESS: I think I can find it for you all right.

By Mr. Cote:

Q. Captain Hope, you have termed this \$250,000,000 the original cost value. Would that be inclusive of the alterations, improvements and so forth after the date of acquisition by the navy?—A. You are referring to bases?

Q. To bases and ships?—A. It would include the total cost of bases and any improvements.

Q. At the date of the declaration of surplus?—A. At the date of the declaration. Regarding ships I am not prepared to give an answer on that. I would say probably not.

Mr. JACKMAN: Are we through with that question, Mr. Chairman?

By Mr. McGregor:

Q. Are we going to get an answer to that question? Did I understand Captain Hope to say a moment ago that this stuff that was drowned is included in the \$250,000,000?—A. That is right.

Q. After it was turned over by you they did the drowning? Is that right?—A. No, we did the drowning.

Q. How did you turn it over to them?—A. In fact, we were acting as agents for War Assets in carrying out the drowning of that equipment. It was declared surplus to them. The conditions were outlined to them and they in effect asked us to dispose of it in that manner.

Q. You did the work for them?—A. We did the work for them.

By Mr. Jackman:

Q. In the first paragraph of his statement Captain Hope says that after V-E day the navy made plans to provide for the Pacific war and for the requirements of the post-war Canadian navy. That is a general statement. I take it that what is meant by it is that while the requirements of the R.C.N. peacetime navy were not known nevertheless a goodly amount of the stores were kept which would be quite sufficient for any size of navy which would be determined by the government. Would Captain Hope be good enough to tell us what the peacetime strength of our navy is to be? It has been announced some time ago. How many personnel will be in the R.C.N.?—A. The personnel has been set at—

Q. 16,000?—A. In round numbers, 10,000. It is not exactly 10,000, but in round figures it is 10,000.

Q. Now, are there any other figures in regard to the peacetime navy?—A. I should say that is 10,000 plus a reserve of 18,000.

Q. The reserve is simply what we understood the reserve was before the war, men who drill and take naval instruction for six weeks, twice a year, or something of that sort?—A. That is so.

Q. And does the reserve go for cruises?—A. Certain numbers.

Q. And does that include the cadets?—A. The sea cadets—no.

Q. Do they come under the R.C.N.?—A. The sea cadets occupy a rather complicated position in a way, in that there is a vote included in the naval budget for sea cadets by which we pay certain costs of operating sea cadet camps, and so forth.

Q. Does the R.C.N. supply them with some of their equipment?—A. Yes, we do, on loan. The general arrangement is that the equipment is supplied to them on loan from the nearest naval division.

Q. Are they big enough factors to be of any consequence in our estimating whether or not you have got sufficient or too much material on hand? It is pretty small?—A. We do make provision for clothing and so on, and certain equipment.

Q. Is it expected it will amount to 3,000 or 4,000 across Canada in peacetime?—A. The numbers?

Q. Yes. I am not prepared to answer that.

Q. Are there any other factors in our peacetime navy that would interest the committee in their endeavour to estimate whether or not the supplies which we are keeping on hand are sufficient or too adequate where the personnel is 10,000 and 18,000 reserve? Are there any special factors? Are we having a fleet air arm? No?—A. Yes.

Q. Are there any special factors of that nature which we should know about? The fleet air arm is included in this figure of 10,000?—A. Yes, it is.

Q. When I say "fleet air arm" they are responsible for their own aviation. It is a complete aeronautical branch.

By Mr. Reid:

Q. I wonder if Mr. Jackman would allow a question. My question is in regard to the 10,000. I wonder if you can tell us of the 10,000 how many of those would be afloat, because in the minds of the public when the figure of 10,000 is mentioned for the navy they envision the 10,000 being on ships. I should like to know of the 10,000 how many would be afloat and how many on shore it takes to keep the others afloat?—A. I am not prepared to answer that question.

Q. If it is a military secret I do not want to know.

Mr. HOMUTH: You would like to know but you will not demand an answer.

Mr. REID: If it is a military secret do not tell us but I would like you to whisper it in my ear some time before you go. It has always intrigued me.

By Mr. Jackman:

Q. This 10,000 does include the fleet air arm personnel?—A. Yes, it does.

Q. Is it a naval secret as to just what ships we shall have? There are two aircraft carriers. We probably will not drown them. We know that, but do we know just what our navy is made up of? I suppose those handbooks that one sees of the navies of the world will tell you what the Canadian navy is made up of?—A. I think that information has been available to the public.

Q. Could we have now or at our next meeting a short list of the ships, or other important factors that we should know?—A. Yes, I think I can make that available.

Mr. MICHAUD: Would that come under this order of reference?

Mr. JACKMAN: How can we estimate the size of the supplies unless we know the force?

The CHAIRMAN: I think the information can be tabled without any trouble.

Mr. PROBE: In that regard, Mr. Chairman, could Captain Hope add at that time a list of the contracts that are still uncanceled, that is, contracts that will be completed?

The CHAIRMAN: What type of contract?

Mr. PROBE: Covering naval supplies generally. That will include ships stores and equipment. He spoke of the cancellation of certain contracts. I think that we would also like to know here at this stage what contracts are still running and it would be helpful if he could give us a breakdown covering the contracts that are still in existence and on which they are expecting to take delivery. That is all part of Mr. Jackman's picture that he is trying to paint for us.

The WITNESS: I do not think we could answer the question in that form. The navy does not let any contracts itself at all. All contracts for the purchase of goods are let through the Department of Reconstruction and Supply.

Mr. PROBE: Then we can get it from the Department of Reconstruction and Supply. I am satisfied as long as we have the source. I will withdraw that question.

The CHAIRMAN: There is one question I should like to have cleared up, gentlemen. There was a request made by two different members in regard to clothing and medical supplies. Did you wish to enlarge on that and have a general breakdown of stores? I think Mr. Probe enlarged on it later. The first question dealt only with clothing and medical stores.

Mr. PROBE: I do not think that was my question.

Mr. McILRAITH: It was Mr. Homuth's question about sales to UNRRA. Sales have been very substantial. They run into several millions.

The CHAIRMAN: We will leave it as it is at the present time.

By Mr. Coté:

Q. Captain Hope, I assume that the navy has some surplus assets outside of the country. How do you deal with those surplus assets that are actually in other lands?—A. We have surplus assets now existing in Newfoundland and also in the United Kingdom. In both places War Assets have representatives, and in both places they are in the process of taking over those surplus assets.

Q. You still have a good proportion of assets in those places not yet taken over by War Assets Corporation?—A. As it happens Newfoundland and the United Kingdom are almost the two last places to close down. Therefore disposal has not progressed quite as far as some of the other places in Canada.

Q. I assume in the United Kingdom, for instance, you have to deal directly with the surplus war assets agency of the United Kingdom, and not with the

War Assets agency of the Department of Munitions and Supply?—A. No, we deal directly with the Canadian representative of War Assets of Canada.

Q. In the United Kingdom?—A. In the United Kingdom—Mr. Banks, is it not? They are declared here and passed to the Crown Assets Allocation Committee.

By Mr. Probe:

Q. When will you be out of the business of surplus goods? Is that a fair question?—A. As I stated in my original statement the few remaining surplus assets will in all likelihood be disposed of within the next few months.

Q. And there will not be \$25,000,000 worth left?—A. Nothing like that.

By Mr. Jackman:

Q. That is disposed of by the navy?—A. By the navy.

Q. Was the fleet air arm actually established in our navy at V-J day?—A. No, I think not.

Q. So that it is a new development with us. This may not come within your province, Captain Hope, and you need not answer it if it does not. Is it known whether the navy is taking any equipment directly from the R.C.A.F. or through the War Assets Corporation or from other sources or are they ordering new and perhaps more modern equipment? Is it general knowledge what they are doing?—A. I do not think it is.

Q. May I ask one other question? The navy had a number of private yachts donated to it or under charter in the early days of the war for training and the St. Lawrence river patrol and otherwise. I wonder if we could have a list of those yachts with their size, just the overall footage, and what has happened to them, namely, were they under contract and did they require refitting or restoration to their original condition? Were some outright donations and have they been disposed of by War Assets Corporation, or are there some which may have been donated for technical reasons? I have in mind one case where the man in effect loaned his yacht but in order to get out of possible third party damages a bill of sale went through. It was still regarded as his ship although technically and legally it was the property of the Crown. I should like to know what disposition has been made of all the private yachts which were turned over or acquired in one way or another by the navy during the war?—A. All private yachts whether a charter or a sale?

Q. Yes.—A. Is that your definition, a charter or a sale?

Q. Given to the navy on charter, acquired by the navy through charter or through sale or through donation.—A. You say "yachts". That is a rather broad description. Do you mean to include all vessels acquired in that way?

Q. That is provided they are craft that were owned by formerly wealthy gentlemen who in a patriotic gesture turned them over to the navy.—A. What I am getting at is do you wish to exclude vessels which were chartered on a commercial basis? You see there were some donated or they were technically sold for \$1. Others were technically chartered for \$1 a year, and again there was a third class that was chartered on a commercial basis.

Q. I am using the word "yacht" in the Canadian sense, not the 14-foot dinghy type in the English sense of the word. I mean a large pleasure craft requiring a crew of at least one full-time man, craft that were made use of by the navy and acquired either by donation or by purchase or by charter.

The CHAIRMAN: There were thirteen in number.

The WITNESS: You are not interested in vessels chartered on a purely commercial basis?

Mr. JACKMAN: I am if it is a private craft. I should like to know how many there were, the size of them, what was done with them, and the present status of those vessels.

Mr. BENIDICKSON: Vessels owned by somebody else prior to the war.

Mr. MCGREGOR: And how much money has been spent on them since the government took them over.

The CHAIRMAN: Gentlemen, if we have concluded with questions what is your pleasure in regard to our next meeting which will be on Thursday at 11 o'clock? Shall Captain Hope go on?

Mr. PROBE: He has a number of questions to answer. Perhaps we could call him back again. I imagine there will be certain things come up between now and Thursday, but if he could answer those questions on Thursday morning we could then proceed with the other branches of the service.

Mr. COTE: There will probably be questions arising from the breakdowns and other information he is to table.

By the Chairman:

Q. Will you have that information by then?—A. I think I can have that available.

The CHAIRMAN: We will ask Captain Hope to be good enough to return on Thursday morning, and we will have Colonel Denney stand by to follow him.

The committee adjourned at 12.55 p.m. to meet again on Thursday, April 11, 1946 at 11 o'clock a.m.

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(SESSION 1946
HOUSE OF COMMONS)

(SPECIAL COMMITTEE

ON

WAR EXPENDITURES AND ECONOMIES)

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 5

THURSDAY, APRIL 11, 1946

WITNESS:

Captain G. B. Hope, Assistant Chief, Naval Administration and Supply.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1946

REPORT TO THE HOUSE

WEDNESDAY, April 10, 1946.

The Special Committee on War Expenditures and Economies begs leave to present the following as a

THIRD REPORT

From the evidence thus far received by your Committee in relation to its inquiry into the disposal of surplus war assets, it would seem that the disposal of surplus material could be effected with greater expedition by revising the present method of granting priorities insofar as the time element is concerned. Your Committee, therefore, recommends that in respect of priorities granted to federal, provincial and municipal governments, the thirty day period now in effect, be reduced to ten days.

The suggestion has also been made to your Committee that when surpluses are to be declared by the armed services, or from any other source, advance notice be given to War Assets Corporation so that a representative of the Corporation be on hand to check and receive such surpluses. This, we believe, would result in greater efficiency and added economy, and your Committee recommends accordingly.

All of which is respectfully submitted.

GORDON B. ISNOR,
Chairman.

MINUTES OF PROCEEDINGS

THURSDAY, April 11, 1946.

The Special Committee on War Expenditures and Economies met at 11.00 a.m., the Chairman, Mr. Isnor, presiding.

Members present: Messrs. Benidickson, Bradette, Coté (*Verdun*), Golding, Homuth, Isnor, Jackman, Lalonde, Marier, McCullough, McGregor, McIlraith, McLure, Michaud, Probe, Reid, Shaw.

In attendance: Captain G. B. Hope, Assistant Chief, Naval Administration and Supply, and Commander E. G. Arnold, Naval Assistant to the Deputy Minister of National Defence (Navy); Colonel William Gordon Denney, Director of Ordnance Services (Provisions), Branch of the M. G. O.; Air Commodore R. A. London, Director of Equipment Supply, R.C.A.F.; Messrs. H. R. Low and J. S. Irvin, Assistants to the President, War Assets Corporation.

Captain Hope was recalled. He submitted answers to a number of questions asked at the previous sitting, and was further examined.

At 12.55 p.m., witness retired and the Committee adjourned until Tuesday, April 16, at 11.00 o'clock a.m.

R. ARSENAULT,
Clerk of the Committee

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
April 11, 1946.

The Special Committee on War Expenditures and Economies met this day at 11.00 o'clock a.m. The Chairman, Mr. Gordon B. Isnor, presided.

The CHAIRMAN: As I recall it the first order of business is the answering of questions as presented to Captain Hope by certain members of the committee. Captain Hope, will you come forward?

Captain G. B. HOPE, R.C.N., recalled.

The CHAIRMAN: Gentlemen, the procedure which we have followed in the past is to take the questions in the order in which they were listed by the members. If that is agreeable to you we will follow the same procedure to-day. The first question was: What was the basis of purchasing naval stores, pre-war, in the light of retention of three to five years supply of consumable stores?

Captain Hope, will you answer that question?

The WITNESS: The answer to that question is that the basis of purchasing naval stores pre-war was to have sufficient stock on hand to last from six to twelve months.

The CHAIRMAN: That is the complete answer to that. Are there any further questions?

Mr. HOMUTH: Would it not be well that he answer all questions before there is any interrogation of him on those answers?

The CHAIRMAN: No. I think that we found in actual practice that to follow through with one question saved confusion and got the answers on record in an orderly manner. Of course, that does not prevent you from coming back to any particular question later. While I do not ask questions as a rule, gentlemen, as you know, I was hoping that Captain Hope would enlarge on that from this angle. You stated that supplies have been provided for from three to five years, and out of that statement arose the question as to whether that was in keeping with your pre-war policy of purchasing stores. With that in mind I had hoped that you would tell us that from three to six months supply in the pre-war period was not as much as it should have been, and you are guarding against such a situation as arose in September 1939, when you found your stores almost entirely exhausted and you were unable to cope with the situation that you were faced with at that time. Are you in a position to make any statement on that?

Mr. MCGREGOR: Are you asking Captain Hope a question or are you telling him what to say?

The CHAIRMAN: I am following the procedure that is sometimes adopted by you and others in making a question unnecessarily long so as to bring out the point I wish to make.

Mr. MCGREGOR: The question was asked of the witness and evidently the committee was satisfied with the answer.

Mr. COTÉ: I agree with the chairman. He has brought up a point that came to my mind when he started to speak. Certainly there is a reason for this change of policy, and the chairman is suggesting that the witness might give all

particulars about the change of policy. Has the prior policy of having a reserve of stores for a period running from six to twelve months been defective in some way to justify this new policy?

The CHAIRMAN: That is the point I had in mind. I was careful to say that I was not in the habit of asking questions from the chair, but I thought this matter required further enlargement.

The WITNESS: May I say that the present policy of retention of from three to five years supply of stores is not intended as a permanent policy. It was established to avoid the somewhat wasteful declaration of surplus stores. In the course of the three to five years these stores will gradually be used up, and we shall again come to approximately a six to twelve months basis of stores. I think I may say at the beginning of the war the reason we were faced with shortages was not on account of the short stock of stores for the then existing navy. It was due to the very rapid expansion of the navy.

By Mr. Bradette:

Q. Would there be any danger of deterioration of some of the lines you have to carry for three or four years?—A. The stores we have are not subject to deterioration.

By Mr. Reid:

Q. May I ask Captain Hope this question? During the war naturally there were many new installations put into effect by the navy. In laying out stores for from three to five years would it be correct to take it from the answers given this morning that the navy would be holding back stores for three to five years for many of the new stations and devices which probably in a month's time or three months' time or half a year's time will be done away with? What I have in mind is, there is a little naval station in my district. It was not part of the navy before but now it is one of those little stations that has to do with signalling at sea. There is a crew of men there, and they have cooks and a staff looking after the wants of the men. I am not asking at the moment whether or not that is going to be carried on. That is not the point I have in mind. The point I have in mind is that in holding back stores for three to five years I presume you are holding them back with a view to carrying that kind of station forward into the future?—A. Those stores which we are retaining from three to five years are generally speaking what we describe as consumable stores. Generally speaking those are not items of equipment such as radar and W.T. In my original statement I stated that in addition to stores certain items of equipment were being retained.

By Mr. Homuth:

Q. Captain Hope, in stating that plans are being made for the navy's requirements over a period of three to five years that would, of course, include buildings and anything pertaining to the navy, would it not?—A. No.

Q. It has nothing to do with buildings?—A. Nothing to do with buildings. The retention of stores for three to five years refers purely to consumable stores.

Q. What I had in mind, for instance, was the temporary building on Elgin Street, whether that was included in your list of buildings that have already been listed as surplus, and whether you know of any plans to remove that under the agreement with the city of Ottawa?—A. No, I have no knowledge of what the arrangements are.

Q. You have no knowledge of the building of a permanent building here either?—A. No.

By Mr. Reid:

Q. Would cars or trucks be included in consumable goods?—A. Cars or trucks—no, they are not included.

By Mr. Bradette:

Q. In case some of these goods might become obsolete you would still have the machinery to dispose of them in your own department? Suppose that some of the goods you are accumulating now should become obsolete and cannot be used any more or something of that kind?—A. Generally speaking, consumable stores by their nature are not subject to obsolescence.

Q. They are not?—A. No. Types of equipment which are not consumable stores might become obsolete, but not consumable stores themselves.

Q. Suppose you have a certain type of shoe and you find a reaction from the sailors that they do not want to use them or something of that kind?—A. That does occasionally happen, and has happened in the past, but the naval policy has been to use up the older stores before issuing new ones.

Q. But in case something should become obsolete do you still have a department that will handle the disposal or sale of that article?—A. As long as War Assets are in existence we certainly have that.

Q. I mean when it goes out of existence you still have the machinery to dispose of your surpluses?—A. We have a salvage officer within the navy through whom, we can operate if War Assets fades out of the picture.

By Mr. Reid:

Q. Speaking of consumable goods such as uniforms, clothing material, blankets and all goods of a like nature, is it the policy of the department to turn all surplus over to War Assets and then in the future procure new uniforms, new boots and new blankets for the new navy? What is the policy?—A. That was one of the reasons for establishing the three to five year policy, to avoid the early purchase of additional and new uniforms, blankets, and other items of clothing.

Q. That is satisfactory.

By Mr. Jackman:

Q. I wonder if Captain Hope would be good enough to enlighten this committee of laymen on just what is embraced in the definition of naval stores, consumable and durable, shall we call it? You have ships in another classification. Just give us lesson number one for sea cadets on naval terminology with reference to the subject matter of this committee.—A. What you would like is a definition of what are naval stores?

Q. I want to know what we are talking about. You can enlighten me because I do not know what you are talking about when you refer to naval stores, the consumable variety. I want to be able to focus my mind on what it is you are talking about, and you are using words which are not common to us.—A. Perhaps the simplest way to explain that in a broad manner—

By Mr. Homruth:

Q. Would consumable include rum?—A. That is very perishable.

By Mr. Jackman:

Q. Tell us very briefly, Captain Hope.—A. I think permanent stores are best described by such items as furniture, equipment such as radar and W.T., anti-submarine equipment. Consumable stores generally consist of such items as rope, paint, all cleaning gear, nuts and bolts.

By Mr. Reid:

Q. Would binoculars be included?—A. They are permanent stores. All valuable stores are classed as permanent stores.

By Mr. Jackman:

Q. All valuable ones?—A. All valuable stores are permanent stores. When I say "valuable" I mean that the article is a high priced article such as binoculars or deck watches, chronometers. Those are permanent stores.

Q. Ships are not stores at all?—A. Ships are not a stores item at all.

Q. That is an item all by itself?—A. Yes. Does that give you a sufficient description, Mr. Jackman?

Q. As long as I do not run into difficulties in applying it. Now we have four to five years supply. Is that the statement you made the other day?—A. Three to five years.

Q. That is related to the peace-time navy of 10,000 active and 18,000 reserve.—A. That is correct.

Q. Plus sea cadets?—A. Plus sea cadets.

Q. If you are keeping so many blankets for the active force will you keep the same number of blankets for each member of the reserve?—A. I am afraid I cannot answer that question.

Q. What relation has the reserve force of 18,000 naval personnel with the assessing of the aggregate amount of equipment that you are keeping? What effect do you give to the fact that you have 18,000 naval reserves?—A. You mean what relation does it have to the stock carried?

Q. Yes?—A. Of course, I have a supply officer handling that subject, and he is versed in making those estimates.

Q. It is the general policy I want which must have gone through top hands?—A. The actual proportion retained for reserve would be somewhat less than the active.

Q. That is what I should imagine but I am not assured of it. I want to get some assurance. I want to know definitely from you or one of your officers exactly what the general principle was in reserving out of your war stocks three to five years supply in relation to your active force and in relation to your reserve force plus sea cadets? There must have been a general principle applied.—A. The general principle in all matters of supply is to base the stock on the consumption figures in past years.

Q. You have to have a certain amount for the reserve personnel during the training season in the summer?—A. Yes.

Q. I should like to know just how you arrive at your calculations. What was your formula? Surely that should be simple enough.—A. In other words, the proportion of the reserve to the active?

Q. If you multiplied the 10,000 by six and found out how many units you wanted what did you multiply the 18,000 by?—A. I am afraid I cannot give you that answer. I said before that generally speaking all procurements of stores and stocks of stores are based on the consumption or use figures. If you wish that answered I can find out what the proportion actually is.

Q. I think it would be well to have it, and if it differs in regard to various consumable stores I think we should have it in respect of the principal items, blankets, uniforms, shoes, and whatever else the sailor has in his kit.

By Mr. Reid:

Q. I wonder if I could ask Captain Hope what supplies are retained on behalf of the sea cadets? What supplies are given to the sea cadets by the navy?—A. What type of supplies have you in mind?

Q. I must confess I have no idea just what supplies go from the navy to the sea cadets, and I am interested to know, owing to statements made this morning, what kind of supplies are retained by the navy for sea cadets and what the sea cadets get in the way of consumable goods?—A. I think uniforms and clothing are the main items.

By Mr. Probe:

Q. Signalling equipment?—A. And as I stated before at the last meeting we supply quite a quantity of training equipment on loan to them.

By Mr. Reid:

Q. Would the amount of materials granted to the sea cadets have been increased during the war years?—A. Yes, very considerably.

By Mr. Jackman:

Q. Did you turn over any Fairmiles or other small craft to the sea cadets?—A. We have turned over no boats, no Fairmiles or smaller craft to the sea cadets.

Q. On loan?—A. Not at the present time. Certain craft will be loaned to them during their active seasons in the summer months.

Q. But they really own no equipment of their own? A certain amount is given to them on loan from the navy?—A. On loan, that is correct.

Mr. JACKMAN: Would it be too much trouble if we asked the witness exactly how many uniforms they have on hand, how many pairs of boots, walking out shoes and the other main items of equipment that go into a sailor's outfit?

The CHAIRMAN: I think that is covered in question three. Now we will go on to question two. Will you read the question first and then give us the answer?

The WITNESS: Question two is: What was the source of DEMS guns—that is defensively equipped merchant ships' guns—and what has happened to them? May I read that answer?

The CHAIRMAN: Yes.

The WITNESS: From 1939 to 1941 the supply was almost entirely through admiralty, admiralty itself obtaining them from every and any source.

By Mr. Jackman:

Q. Is that our admiralty or the British admiralty?—A. British admiralty. Canada had been supplied with a number of outfits prior to the beginning of the war. Later additional outfits were supplied and a shipment of American guns were also received. Such guns as were mounted on Canadian ships were bought and paid for and became Canadian property. When Canadian armaments manufacture came into the picture we were able to obtain our own armaments for Canadian merchant ships. Canadian DEMS contribution during the war was the arming of 713 vessels of which 278 were Canadian. On conclusion of the war all ships have or are being disarmed at any port in which there is a DEMS organization, Canadian ships in Canadian ports. Obsolete guns are declared surplus, but a number are being retained for the immediate arming of Canadian merchant ships in an emergency.

Q. A number of obsolete guns?—A. No, I said that obsolete guns are declared surplus.

Q. But a number—A. But a number of good guns are being retained.

By Mr. Reid:

Q. This may not be a proper question and yet it may. During the war many guns were established along our coasts. I believe that was under the jurisdiction of the naval authorities. My question is are those being maintained or are they being done away with with a view to some of them being declared surplus?—A. No naval guns were set up or established on the coasts.

Q. My other question had to do with guns which were stated to have been loaned to the United States prior to lease-lend coming into effect. A report came out at the time that we had loaned the United States some large naval guns to protect the Panama Canal. I am wondering if such was the case. I am speaking of guns outside of lease-lend because I do not think that lease-lend was operating at that time.—A. I have no knowledge of that.

By the Chairman:

Q. You referred to these guns becoming the property of the R.C.N., or is it the merchant marine ship owners?—A. They were the property of the Canadian navy.

By Mr. Shaw:

Q. Captain Hope indicated that it was the intention of the navy to retain a certain number of guns for the purpose of arming merchant ships if the necessity should arise. Is it the purpose to retain a sufficient number of guns to arm all merchant vessels in the case of an emergency? What is the policy in that regard?—A. I do not think I should state that policy here, Mr. Chairman. A certain policy has been established to retain a reasonable number. In any event, the number of Canadian merchant ships might vary considerably, and therefore the guns we retained this year might not be sufficient next year, or they might be considerably in excess, but a policy has been established to retain what is considered a reasonable number.

By Mr. Probe:

Q. To obtain or retain?—A. Retain.

Q. There is a big difference.

The CHAIRMAN: May we go on to number three?

By Mr. Jackman:

Q. I might just follow that up. We are not destroying or declaring surplus any guns which would be efficient for the arming of the merchant marine? Is that a fair statement?—A. I think I can say that the policy is only to destroy obsolete guns.

Mr. REID: I just wanted to say this to Captain Hope, and I want to draw his attention to it. I hope I did not ask any questions about policy which might be detrimental or give out information because that is not my object in asking any question.

The WITNESS: No, I appreciate that.

Mr. REID: Personally I am against too much publicity. I was against asking all those questions about Muskox. I do not think we should tell every country just what we are doing.

The WITNESS: I am keeping that in mind when I am trying to answer the questions.

The CHAIRMAN: Question number three.

The WITNESS: Question number three is: What were the quantities of all clothing and medical stores suitable for UNRRA declared surplus, and those

retained for use by the R.C.N.? That is really in two parts. I shall deal first with the quantities of all clothing and medical stores suitable for UNRRA declared surplus.

By Mr. Jackman:

Q. I wonder if you could tell us what you understand "suitable for UNRRA" to mean?—A. That is the way the question is presented.

Q. I understand; what do you understand by that?—A. I understand that to mean any clothing is suitable for UNRRA. The total value of clothing declared surplus is \$2,566,790.91.

Mr. Coré: Is that at cost?

The WITNESS: At cost price. The value of the medical stores declared surplus is \$254,151. I am afraid the medical stores figure may not be quite complete. It probably will eventually be higher than that. If the information is desired I will break down these total figures into types of clothing.

The CHAIRMAN: I think it would be well, gentlemen, to have a breakdown of that put on record. It is in keeping with the question asked by Mr. Jackman just a moment ago.

The WITNESS: The breakdown of the figures is as follows:—

Items	Quantity	Value
Blankets	45,050	\$522,502 11
Boots	70,774 (prs)	433,363 24
WRCNS Shoes	10,493 (prs)	37,923 15
Socks	1,277 (prs)	416 15
WRCNS Stockings	144 (prs)	86 40
Overcoats (all kinds)	35,927	656,096 78
WRCNS Overcoats and Raincoats	4,827	85,177 67
Sweaters	14,932	37,912 29
Underwear (pieces)	112,036	263,158 68
Uniforms—Men's Coats and Trousers ..	32,606	124,154 17
WRCNS Uniforms. Skirts and Jackets ..	17,395	101,916 04
Miscellaneous (Units)	299,952	304,084 23
Total		<u>\$2,566,790 91</u>

Mr. PROBE: Is Captain Hope giving us a list of new or used equipment here, or a combination? And is everything on the list new or used equipment, is that what you mean? Stores, which you have now given us represent new equipment only?—A. New equipment—no, new and used.

Q. That is fine.—A. I have not the proportion, but I would say the bulk of it is new. Shall we proceed with the next part of it?

The CHAIRMAN: Now, gentlemen, the second portion of the question relates to the amount retained for use by the Royal Canadian Navy. Will you proceed?

The WITNESS: The figure we were holding in stock as of April 10, 1946, was a total of \$4,987,110. I have a brief breakdown of that. In the time available it has not been possible to get a very detailed breakdown, but I think this may give you the information asked for. Uniforms, value \$4,021,643.

By Mr. Jackman:

Q. Are you following the same type of table which you used for blankets, boots and so on.—A. I am afraid not.

By Mr. Reid:

Q. What was that last figure?—A. The figure was \$4,021,643. Winter clothing:

By Mr. Jackman:

Q. How many items are in a uniform; and how many uniforms in dollar value?—I have not been able to get the actual number of items of uniforms; of course, that covers a considerable number of items of different types.

Mr. MCGREGOR: How is this committee going to have any sort of an intelligent idea of what is in there unless we have an itemized statement? Surely it would not be asking too much for us to be provided with that.

The WITNESS: I could not obtain the figures within the time available.

The CHAIRMAN: Suppose we proceed to have the complete answer as Captain Hope has it before him, then if you wish to come back to the question of a particular portion of that answer you can do so.

Mr. MCGREGOR: Some other day would be quite all right; what is the use of having half of the item.

The CHAIRMAN: I do not see how you can intelligently criticize the answer which has been prepared by Captain Hope until you have heard it. I suggest you allow him to proceed.

Mr. COTÉ: This question was prepared in reply to a question asked in this committee, was it not?

The CHAIRMAN: Yes. Is it the wish of the committee to have Captain Hope proceed?

From all the MEMBERS: Yes.

The WITNESS: The next item is winter clothing, \$214,911; loan clothing, \$449,810—

By Mr. Jackman:

Q. What kind of clothing is loan?—A. What we call loan clothing are such items as protective clothing against weather and cold—sea boots and oilskins and that type of thing. Bedding—includes beds, bed covers and blankets—total figure, \$259,746; tropical clothing, \$41,000; medical stores, \$350,000. The only breakdown I have on clothing is boots, they represent a value of \$400,000, and shoes a value of \$102,905.

Mr. MCGREGOR: You haven't got a breakdown of the clothing?—A. No, I am afraid I have not; it has not been possible in the time.

Mr. MCGREGOR: That seems mighty strange to me, I think you ought to have the quantities, I think that is important to us.

The WITNESS: Well, it is a matter of obtaining inventories from all over the country.

Mr. PROBE: I would suggest, Mr. Chairman, that this information supplied by Captain Hope be supplemented by further detail at a later date and then that it be incorporated into our records to show the quantities. By the way, Captain Hope, how long would it take you to get such a detailed statement for the use of the committee; could you do it within a week or so?

The WITNESS: I would say from one to two weeks.

The CHAIRMAN: Just before we leave that, I think there was a question raised by one of the members of the committee in regard to the principle which is involved there. For instance, if we take the number of uniforms, the number of overcoats—winter overcoats—it is very, very easy to determine as to the establishment.

Mr. JACKMAN: But, Mr. Chairman, the war is over.

The CHAIRMAN: I am just pointing that out.

Mr. REID: A good deal of this information has already been given out.

Mr. BRADETTE: What is the need of having a full inventory before us. Personally, I am not going over it. It is a matter of complete indifference to me as to how many packages of pins or how many packages of tacks they may have on their shelves. Why go to the expense of two weeks work for information which we do not need and which we probably would not use.

Mr. REID: I have a question about the breakdown of these figures as compared to the total which you gave us at the outset—\$4,987,110; are they two separate items? You gave us a figure right at the beginning of your answer to that question, you gave us a total of \$4,987,110. If that is the figure to which you are referring, I would call your attention to the fact that the items in the breakdown total a far greater figure than \$4,987,000; it comes to over \$5,000,000.

The WITNESS: The breakdown which I gave you includes the boots and shoes, they are included in the original total.

Mr. REID: But apart from the boots and shoes, the medical stores.

The WITNESS: Medical stores were not included in that total. That total of \$4,987,000 odd was the total of the clothing retained, not medical stores.

The CHAIRMAN: The first five items only; is that right?

The WITNESS: Yes, the five items; that is right.

By Mr. Jackman:

Q. You did not dispose of any loan clothing to surplus?—A. Apparently not, Mr. Jackman.

Q. Is some of this heavy duty clothing available for surplus if not required by the navy? I suggest that it might be as we no longer have our Atlantic patrol.—A. I am not sure whether some items of loan clothing might be included in boots, overcoats, declared surplus—and Wrens overcoats and raincoats—that might include some items of loan clothing. There are boots—it might also include protective clothing—loan clothing.

Q. You gave us a specific item, tropical clothing in stock, \$41,000. I recall seeing in an article recently that the United States has a tremendous amount of surplus tropical equipment which will likely be disposed of— —A. The American navy?

Q. Yes. They prepared for a big expedition there, if you like. Have we no tropical clothing that we are disposing of? I do not see it set out as a separate item?—A. We took very quick action to cancel contracts for tropical clothing on the termination of the war, and we were fortunate enough to stop a vast majority of our orders; and that \$41,000 represents the total amount we have expended on tropical clothing.

Q. After all, we had scarcely no Pacific fleet, but we must have had some tropical clothing, possibly on the ships or in stores.—A. We normally carry a certain stock of tropical clothing. The contract to which I am referring included special types of clothing which were in the course of manufacture.

Q. What I am concerned with is, you gave us a specific item of tropical clothing on hand, \$41,000, yet in all the items declared surplus there is nothing specifically set forth for tropical clothing, yet that is one item where you might be expected to have a certain amount of surplus.—A. No. I think the reason for that, Mr. Jackman, as I said before, is that we took very very prompt action in cancelling our contracts and thereby we avoided accumulating large stocks of tropical clothing. As you may know, tropical clothing was extremely difficult to obtain here, particularly at that stage of the war; materials were very scarce indeed, and generally speaking tropical clothing was just coming off the lines in a matter of weeks, almost days, in the event of its being required.

The CHAIRMAN: Mr. Jackman, the statement Captain Hope has just made was to the effect that the supply of tropical clothing on hand is just about enough to meet the requirements of outfitting two ships cruising in the Pacific, or which might be training in tropical waters, where such type of clothing would be used.

Mr. JACKMAN: You mean the amount that is to be kept on hand?

The CHAIRMAN: Yes.

Mr. JACKMAN: I did not understand it that way, Mr. Chairman.

The CHAIRMAN: And you must bear in mind that tropical clothing per unit is very much lower in cost than serge or woollen coats.

By Mr. Jackman:

Q. Well, if Captain Hope would only get us the amounts to go against these figures it would be of interest to us; as it is quite possible I think to obtain an item such as an overcoat. I think we should have particulars as to what particular kind of an overcoat, let us say—the description for each single item. I do not know how many different uniforms—dress, undress, fatigue, summer. Just to have “uniforms” does not mean anything, I think they should be broken down into the different categories. We want to be able to relate the number of single items to a particular item, not the general class.—A. A complete breakdown of all the items of clothing, would require a considerable amount of research. It would be a very large breakdown.

Q. It is all on paper now, simply give us the checking figures.—A. It can be done. It would require a good deal of research and a good deal of work, but I do not really feel, Mr. Chairman, that you would be very much better off,—

Some of the MEMBERS: Hear, hear.

The WITNESS: —having got that information. A ratings uniform is divided up into: caps, ribbons, lanyards, silks, flannels and so on. I think to itemize that as so many uniforms really means more to a committee of this kind than to break it down into every detailed item.

Q. On the basis of the figures you have presented here that would indicate that you have nearly \$500 of clothing for every rating.—A. Actually, Mr. Jackman, you have 10,000 active personnel, 18,000 reserve, and from 14,000 to 15,000 sea cadets. That in relation to the \$4,000,000 odd represents approximately \$150 per man in stock, clothing stock.

Mr. REID: Now, Mr. Chairman, I have a couple of questions I would like to ask, and I hope members will not laugh when I ask them because I assure you I am not trying to be funny. My first question is this, were any band instruments purchased by the navy; and, if so, were the purchases of these increased during the war; and my following question would be this, have any of these been declared surplus?

Mr. BRADETTE: Are you thinking of bagpipes?

Mr. REID: Yes, bagpipes—but I am referring more particularly to band instruments.

The WITNESS: Have band instruments been purchased during the war, that is one question?

Mr. REID: Yes.

The WITNESS: What is the other?

Mr. REID: If so, are any of these being declared surplus.

The WITNESS: I think not.

By Mr. Reid:

Q. Were any purchased during the war?—A. Yes, there were.

Q. Have you any idea to what extent in value?—A. I have no figures on that at present.

The CHAIRMAN: Would you like to have the figures, Mr. Reid?

Mr. REID: Yes, I would.

By Mr. Reid:

Q. I would also like to know if they are being retained?—A. They are being retained.

Q. They are being retained?—A. Yes, sir.

By Mr. Jackman:

Q. This is a rough calculation, Captain; but I would ask you if you think the figures are possibly correct, \$100 of equipment—with that 18,000 reserves, and taking that figure at \$5,000,000—that leaves you with \$2,200,000 of clothing stock, which would be equal to \$320 for active man. Does that seem reasonable.—A. I think you have forgotten the sea cadets, haven't you?

Q. Yes, I have forgotten those, it will take off another \$20; does \$300 seem to you unreasonable?—A. Not at all, in view of the policy established for the retention of supplies of from three to five years.

Mr. MARIER: Does that figure, the \$300 for each man in the navy include the sea cadets—how many of them did you say you had?

The WITNESS: Between 14,000 and 15,000. That would give you a total of 43,000.

Mr. JACKMAN: Do you think you have enough?

The WITNESS: We think we have.

Mr. BRADETTE: We do not have to worry very much about that end of it.

The CHAIRMAN: Shall we pass on to question four, gentlemen?

Mr. MCGREGOR: Are we clear now that we are going to get a statement on what is in stock.

The WITNESS: Yes.

Mr. BRADETTE: In bulk, you will not need to itemize everything. We do not expect you to say how many pails you have on the shelf, I do not want to have that myself, I want to be very definite about that so far as I am concerned. Getting into itemized detail of that kind involves a very great deal of work for the navy.

Mr. MCGREGOR: Never mind about the work, they have lots of staff there. What is the use of producing material before this committee, what is the use of producing a list if we cannot get the details of it? As this is a public committee everything which is asked should be made available. Are we entitled to get it or are we not. That is the question.

Mr. CORÉ: I think, Mr. Chairman, perhaps the witness would give us a further breakdown of what he has already given in relation to these two items.

The WITNESS: I could do that.

Mr. CORÉ: I think all members of the committee should be satisfied with a statement of that kind.

The CHAIRMAN: I thought we had covered that, Mr. McGregor, but if there is any particular item or items which you would like to have in greater detail I think the witness will be prepared to get the information for you.

Mr. MCGREGOR: Let me say this in all fairness to everybody. The Captain can give you a list of this stuff if you want to allow him to produce it. There is

not any question about that. Are you going to allow him to produce it or are you not?

The CHAIRMAN: As far as I am concerned he will produce anything the committee desires.

Mr. MCGREGOR: All right, we ask for that to be produced. Let us have it.

Mr. MARIER: What do you want?

Mr. MCGREGOR: A list of everything they have in stock.

Mr. COTÉ: We are not interested in anything that will be useless to the committee.

Mr. MCGREGOR: If there is anything useless to the committee then why are you so anxious to hide it?

Mr. COTÉ: In order to avoid tying down this gentleman of the navy for a week or two weeks to working on something that will not be of any use to the committee.

Mr. MCGREGOR: The war is over. They have plenty of staff to do it with. What is the objection?

Mr. COTÉ: They have other things to do which are much more important if this is to be useless to the committee.

Mr. MCGREGOR: We do not think so. At least I do not think there are things more important. I think this is one important matter.

Mr. COTÉ: I think we can compromise and have the witness give a more precise breakdown than he has already given without going into the petty items that you are asking for.

Mr. PROBE: You mean without mentioning garters and suspenders.

The CHAIRMAN: And tooth brushes. Would you be good enough to give us a list of what you would like to have? What have you in mind as to the information you desire? Would you give a complete list, and we will be very pleased to see that it is provided?

Mr. MCGREGOR: Make it clear what I want?

The CHAIRMAN: Just write it out.

Mr. MCGREGOR: I do not need to write it out.

The CHAIRMAN: Then name it.

Mr. MCGREGOR: I am asking you for a list of everything the navy has in stock. Surely that is clear enough.

The CHAIRMAN: I do not know whether that is the wish of the committee or not. We could test that.

Mr. MARIER: I do not see the necessity of going so far.

Mr. MCGREGOR: What do you mean going so far?

Mr. MARIER: He has already explained that the reserve is actually about \$100 per man including the sea cadets.

Mr. MCGREGOR: I do not care whether it is \$100 per man.

Mr. MARIER: What is the necessity of the committee knowing every piece of linen and every piece of material kept as reserve in the navy? If we know how many pairs of boots, and how many pairs of overcoats, and so on, that should be satisfactory.

Mr. McCULLOUGH: I think we have a motion before the committee.

The CHAIRMAN: We have no motion.

Mr. McCULLOUGH: If we get a seconder we can dispose of it.

The CHAIRMAN: Is that a motion, Mr. McGregor?

Mr. MCGREGOR: I would move a motion that everything with the exception of technical equipment, secret equipment, be produced.

The WITNESS: That is a new question.

Mr. MICHAUD: Is it not the rule that motions should be in writing and should be read to the committee so that we will know just exactly where we stand?

Mr. MCGREGOR: You are just getting technical now.

The CHAIRMAN: We are trying to keep the thing orderly. We definitely decided—perhaps you were not present at those meetings—that motions would be put in writing when requested. I want to do what is right. I want to give you all the information necessary, but I do not want to take up the time of the department supplying a lot of useless information.

Mr. MCGREGOR: This is the first time any question has been raised as to the form of the motion. If you want a formal motion I will prepare it for the next meeting.

The CHAIRMAN: I will be very pleased to have it so as to keep the matter orderly.

Mr. COTÉ: Do we understand that this question stands until the member has put his motion in writing?

The CHAIRMAN: Yes. Question No. 4.

The WITNESS: When were Conestoga and Star II returned to the owners? The Conestoga lease was cancelled on the 20th of April, 1945, on which date the original owners took over. As to Star II the lease was terminated on the 28th of February, 1946, and handed back to the owners on that date.

By Mr. Jackman:

Q. Were those ships?—A. No, they were buildings.

Q. What was Star II?—A. That is the Preston Springs hotel. I think that was your question, Mr. Jackman.

Q. No, it was Mr. Homuth's.

The CHAIRMAN: Question No. 5.

The WITNESS: Did the navy dispose of poison gas as agents for others? The answer is that the only action taken by the navy was to supply an escort to the landing craft which was sunk with gas on board. H.M.C.S. Middlesex provided an escort, checked the sinking position and stayed to see and insure the sinking.

The CHAIRMAN: That is a complete answer. Question 6.

The WITNESS: Statement required as to the disposition of amenities. That would include those purchased with public funds, donated by sponsors, etc., and those purchased by canteen and wardroom funds. I have prepared a short statement on that, Mr. Chairman, if I might read it, with reference to the disposition of (a) ships' amenities meaning gifts donated to ships of His Majesty's Canadian Navy by sponsoring organizations, cities, towns, etc.—I have divided it into two—and (b) amenities purchased with public funds and supplied to the naval service through national organizations such as the Y.M.C.A., Red Cross, and so on. With regard to (a)—that is donated articles—it was clearly understood on the inception of the ship adoption program that gifts thus provided were intended for the benefit of service personnel as a whole although for the purpose of distribution and maintenance of a close bond of friendship between Canadian civilian groups and members of the service donations were in general shipped to and placed directly on board specific ships.

With the cessation of hostilities it was felt that the original intention of the donors should be carried out. With this in view the following policy was laid down with regard to the disposal of amenities landed from ships paid off. Permanent items such as silver, silver plate, trophies and other articles which

were deemed to be of definite historical value were turned over to the department to be held in trust to be given back to the ship herself should she be recommissioned or loaned to another ship at the discretion of the department.

All other articles such as pianos, radios, games, musical instruments, electrical appliances, washing machines, etc., were reallocated to ships remaining in commission and to permanent naval establishments. It must be borne in mind that the bulk of the latter equipment when landed had reached its life's span as a result of continuous use under all conditions and in all types of weather. The balance of equipment on hand as at the 31st of March was transferred to naval stores to be retained for replacement purposes. That equipment not in working condition will be either declared surplus or repaired if economically practical to do so.

(b) —that is with regard to amenities purchased with public funds through national war service organizations. With regard to equipment supplied through national organizations it has been the policy of the naval service on the closing down of any naval establishment to request through the department to the organization concerned that all such equipment or portion thereof may be transferred to some other naval establishment on a permanent basis only in the event such naval establishment was in need of such equipment. If on closing down of the establishment it is found that the equipment concerned is not required for future naval use the removal and disposition of such equipment becomes the responsibility of the national organization concerned.

By Mr. Jackman:

Q. Becomes the responsibility of the national organization concerned—you said that this has to do with amenities provided out of public funds?

Mr. MARIER: By organizations such as the Y.M.C.A.

The WITNESS: Exactly.

Mr. JACKMAN: It goes back to the sponsoring organization.

Mr. PROBE: That was my question, and I should like to follow it up further. I know that Captain Hope has exhausted his contribution at this time except for details. Would you take up with the steering committee the possibility of tracing it from the auxiliary service to its ultimate resting place? I mean equipment which has been turned over by the navy itself. I hope I make myself clear.

The CHAIRMAN: Would you place that before Mr. Stewart, your representative on the steering committee so as to make sure—

Mr. PROBE: I will do that if you insist.

The CHAIRMAN: I do not insist. It is just a request.

Mr. PROBE: He does not happen to be here today.

By Mr. Jackman:

Q. May I ask Captain Hope a slightly irrelevant question? Do we now provide washing machines for the Canadian navy? We had a little difficulty in getting them during the war. I am wondering whether or not it is standard equipment on all ships?—A. I think it is standard equipment on all the larger ships.

Mr. BRADETTE: Mr. Chairman, I should like to get Captain Hope's reaction to the question that Mr. Probe would like to have placed before the steering committee. As I see it it is a very intricate matter to follow up these articles when they may have been put in some other ship. It would be quite a problem for the officials to follow that up.

Mr. PROBE: May I make myself clear on that for the benefit of Mr. Bradette and the rest of the committee? As I understand the answer Captain Hope has given, the amenities that were donated to specific vessels or to the navy generally by public-spirited citizens or groups of citizens in many cases form too large a group of commodities for the remaining forces in the service, and therefore they are turned back by the navy to the auxiliary services. I am not concerned with the navy any more. The idea of my question was to see what the auxiliary services are now proposing to do with the equipment that they have. The same thing is true in the army. The same thing is true in the air force. They have a great aggregate of amenities which could serve a useful purpose in hospitals, convalescent camps, and so on. I should like to follow through and see what has happened with regard to that part of it.

Mr. McILRAITH: Those are the ones owned not by the Crown but by such services as the Y.M.C.A. and the Legion.

Mr. PROBE: I want to see that the axe is not going into these things and that they are going to be put to some further permanent use.

Mr. McILRAITH: If the Crown does not own them—

Mr. PROBE: We are trustees for them though.

Mr. McILRAITH: I see your point.

Mr. PROBE: Millions have been spent by individual citizens. In the aggregate it amounts to quite a lot. While this does not concern Captain Hope directly as they have transferred these things to the auxiliary services yet I should like to know what the auxiliary services are doing with them. Are the officials of the auxiliary services holding auction sales and putting the money into the auxiliary service's funds? I would not approve of that. We could question them.

Mr. BRADETTE: It would be more a matter of their policy than an itemization. You do not want an itemization.

Mr. PROBE: No, I am not concerned about the items.

The CHAIRMAN: There is a further portion of that statement.

The WITNESS: The third class of amenities are those purchased by canteen and wardroom funds, and they are solely the concern of the canteen committees concerned or the wardroom concerned, and they dispose of them and distribute them as they see fit.

By the Chairman:

Q. The canteen committee or fund as I remember it is a permanent institution?—A. It is permanent in the ship or establishment.

By Mr. Probe:

Q. Is there a cash distribution of what is realized from that on a quota basis? You do not do that? That goes to the canteen committee?—A. The canteen committee decides that. It may be a cash distribution or in many cases there has been a cash donation to benevolent funds, and so forth.

Mr. COTÉ: Does that satisfy you? As a member of the steering committee I should like to see the question answered now rather than have the steering committee deal with it.

Mr. PROBE: I am afraid that Captain Hope cannot answer the question I have posed. Officially he cannot answer it because I think it concerns the auxiliary services.

By Mr. Probe:

Q. Am I right there?—A. That is correct.

Mr. PROBE: He has turned over certain equipment to the auxiliary services. What has happened to that equipment he cannot officially answer.

The WITNESS: I have no knowledge of their disposition.

The CHAIRMAN: That is why I was anxious to place it before the steering committee in a rather definite manner.

Mr. PROBE: I will be very glad to do that.

The CHAIRMAN: Question No. 7, Captain Hope.

The WITNESS: Cost of secret equipment and cost of ammunition destroyed or drowned. The cost of the secret equipment drowned was \$114,786. The cost of ammunition drowned was \$2,879,362, making a total of \$2,994,148.

By Mr. Probe:

Q. Do you keep a record of any drowned for the other services? It seems to me I asked that question last day, but not having the record of last day's proceedings I have forgotten. Did you drown equipment for the army?—A. No, we did not.

By Mr. Bradette:

Q. This amount was included in the \$250,000,000 of goods turned over to War Assets that you mentioned the other day?—A. That is correct.

By Mr. McGregor:

Q. Is the reason for drowning this equipment or ammunition because it is of no more use?—A. The ammunition was, as far as my knowledge goes, in a dangerous condition.

Q. It was in a dangerous condition?—A. Yes.

By the Chairman:

Q. Would you mean by "dangerous condition"—

By Mr. McGregor:

Q. Where did the orders come from for the drowning?

By the Chairman:

Q. May I enlarge on that so as to have a clear understanding. "Dangerous condition" would mean dangerous to the surrounding districts in which it was stored? For example, there has been a protest from Halifax in regard to the magazine and the large quantity of ammunition stored there, and as a result there was a division?—A. I wish to correct myself, that as far as my knowledge goes it was ammunition that was either dangerous or obsolete, and that a large proportion of this ammunition was ammunition that was affected by the explosion at Halifax and rendered unstable as a result.

The CHAIRMAN: That is what I wanted to get on the record.

By Mr. Probe:

Q. Had you various drowning points, or was there a central drowning point?—A. Various points.

Mr. REID: It would be interesting to know of the \$2,879,362 just what quantity of the ammunition was obsolete?—A. I have not that information now. As I think you readily understand as guns become obsolete actually the ammunition they use also becomes obsolete. It is of no further value.

By Mr. Bradette:

Q. I presume that the naval department have expert men to say what is obsolete, what is dangerous, and so on?—A. Yes we have.

Q. So that all necessary precautions are taken that nothing will be wasted that can be used?—A. That is so.

By Mr. McGregor:

Q. Can Captain Hope get us a report of just what was damaged and what was not?—A. I beg your pardon.

Q. Can we have a report on just what was damaged and what was not damaged, what could be used? You said to Mr. Bradette that nothing was destroyed that could have been used. Is that right or wrong?—A. I think you misunderstood me.

Q. Maybe I did.

By Mr. McCullough:

Q. Would that be small arms ammunition?—A. I have no breakdown of the description of that ammunition.

Mr. MCGREGOR: Mr. Bradette asked the question whether you had experts who examined all this stuff, and you said you did not destroy anything that could be used.

Mr. MARIER: That is the policy of the department.

The WITNESS: I did not make the statement that nothing was destroyed that could be used.

By Mr. McGregor:

Q. You answered Mr. Bradette's question that nothing was destroyed that could be used. Is that right or wrong?—A. I have no knowledge of any breakdown of this ammunition. The question asked me was what was the cost of secret equipment and cost of ammunition destroyed or drowned? The cost of ammunition, as I stated, was this figure of \$2,800,000 odd.

Mr. SHAW: I believe what he is concerned about is that Captain Hope made the statement that this ammunition which was destroyed was either damaged or obsolete. Then I believe his question is would the Captain say that ammunition of any value was drowned? Was any ammunition of any value destroyed, drowned, or whatever you wish to say?

The CHAIRMAN: What do you mean by "value", dollars and cents?

Mr. SHAW: We are speaking of damaged or obsolete ammunition, and then we have a third class, that which is not damaged or obsolete. I would assume none of that was destroyed.

By Mr. Shaw:

Q. Is that correct?—A. As far as my knowledge goes that is correct.

Q. Because of being surplus to requirements?—A. Surplus would be covered by obsolete, I think.

Q. It could be but not of necessity?—A. Not of necessity.

By Mr. Coté:

Q. Would you give us the processes in the classification of ammunition as dangerous or obsolete? I mean to say does it rest with the decision of the local commanding officer or does it have to be submitted to the naval staff or to a special board of examiners, as referred to by Mr. Bradette a few moments ago?—A. There are certain regulations laid down governing the condition of ammunition, and those are the regulations that would guide the officers concerned.

Q. The local commanding officer?—A. The local officer in charge of the magazines.

Q. When it comes to the destroying of a large quantity of ammunition as obsolete or dangerous the higher authorities in the force have no say?—A. Yes. Any large destruction of ammunition for the reason that it is either surplus or obsolete is referred to naval headquarters.

By Mr. Bradette:

Q. And the report originates from high technicians in those lines who will know?—A. That is so.

By Mr. Reid:

Q. Regarding ammunition that would be dangerous would that be due to its age or the way it was kept or the fault of the manufacturer?—A. I am sorry, Mr. Reid; I am not an ammunition expert, and I cannot answer that question.

Q. It may have been faulty. There are certain explosives that deteriorate depending on the amount of glycerine in the explosive. I am thinking of shells. I am wondering in my own mind how a shell can become dangerous. Does it become dangerous on account of faulty construction? Does it become dangerous because it has been kept too long? How does it become dangerous? I have handled explosives all my life and I know how they become dangerous. Very often they become dangerous with age and with heat because the glycerine begins to come out, but I am just wondering how ammunition becomes dangerous?—A. There are a number of factors involved in that, and I do not think I am competent to give all the various reasons for the deterioration of ammunition. If that information is desired, I think it would be better to secure the attendance of an expert on that subject.

Q. Could I have this question answered? Who designates it as dangerous? What makes it dangerous? Take a shell. Put a shell into an ordinary gun. I am just wondering what would make that dangerous. Would it be the handling of it which made it dangerous, which might jar it against another shell and cause it to go off? What makes it dangerous?—A. If I may say so, I have just stated I was not prepared to answer that question myself.

Q. It is a rather intriguing one—A. There are a number of factors that can cause deterioration.

MR. BRADETTE: Mr. Chairman, we must feel confident that the navy will have taken all necessary precautions on that score. I for one would believe so. They have been functioning for centuries and from century to century they know what is good and what is not good for the navy. We must rely on their reports.

By Mr. Probe:

Q. As I see it we would like to be sure that Captain Hope can state that no ammunition was declared obsolete or surplus to requirements which will cause his department six weeks hence or a year hence to go and purchase the same type and grade of ammunition. Can he assure us on that point?—A. I can, certainly. We have taken full care to retain what we consider will be necessary in a reasonable length of time.

Q. Because in 1940 we were using shells that were made in 1916 and 1917. They had got to be pretty ancient.

By Mr. McGregor:

Q. All this ammunition that was put in the dump was either—what do you call it—obsolete or damaged—

MR. McILRAITH: Dangerous.

By Mr. McGregor:

Q. —dangerous or obsolete. There was a statement made here a little while ago that some of it was surplus. Now, which is right?—A. I think both descriptions are correct.

Q. They are both right. We are on the right track anyway.—A. Ammunition is surplus if the guns have been declared obsolete.

Q. Then that would come under the category of obsolete, would it not?—A. Yes, and therefore surplus.

Q. There is obsolete and there is dangerous. Outside of those two categories you say there was nothing sunk?—A. I think that is correct.

Mr. MCGREGOR: Then that is all we want to know.

Mr. SHAW: I think we should be clear on our terms before we proceed much further. I think we regard things we categorize as surplus to requirements as being still useful but we simply have too much of that commodity. I think that is the sense in which we have used the term rather than saying that it is damaged and therefore it is surplus to requirements. I would call that a completely different categorization.

Mr. REID: I do not think that is exactly correct because at other meetings we have dealt with things that were declared surplus such as poison gas and which were of no further use. The department has no further use for it. It declares it surplus. I think that is the sense in which the committee has been using the term.

The CHAIRMAN: We will proceed, gentlemen, with question No. 8.

The WITNESS: What are the types and numbers of ships constituting the post-war navy? The types and numbers of ships are as follows: Two cruisers, two aircraft carriers, eleven destroyers, two sweepers—what we call L.L. sweepers—four Fairmiles, one base supply ship, two tankers, two supply ships, four large tugs of 1,000 horsepower each, six smaller tugs of 500 horsepower, nineteen harbour tugs, 40-foot, and six motor seiners, making a total of sixty-one. In addition to that there is a reserve of two destroyers, eighteen frigates and twelve algerines, a total of thirty-two.

By Mr. Jackman:

Q. The two destroyers are old models? Are they two old destroyers you are keeping in the reserve?—A. There are eleven destroyers in the active.

Q. In reserve, you are keeping them half-commissioned? Something of that sort? You mentioned two destroyers, eighteen frigates and twelve algerines.—A. They are not old destroyers.

Q. They are old type destroyers?—A. No, they are not old type destroyers.

Q. Destroyers that are not completed, or something like that.

The WITNESS: No, these are all completed, but there was not sufficient personnel in the Navy to keep all these ships fully manned.

By Mr. McLure:

Q. I would like to ask Capt. Hope about the SS ASSINIBOINE; was she and all her equipment declared surplus prior to the time she was lost by going ashore some place? I might say, Mr. Chairman that the ASSINIBOINE went ashore last October off East Point, Prince Edward Island; and I understand that she was just left there without any endeavour being made to salvage her or anything else, either her or any of her equipment.—A. As far as my memory and information goes the ASSINIBOINE had been declared surplus and handed over to the War Assets Corporation; War Assets Corporation had sold her to some other party and they were in the process of towing her to some other port. So that is neither the responsibility of the Navy or of War Assets.

By Mr. Reid:

Q. In the case of declaring an aircraft carrier surplus what is the procedure taken by the Navy, and particularly what is the procedure taken after it has once been declared surplus? What I have in mind is this; in handling an aircraft carrier you simply notify the crown assets allocation committee that it is declared surplus; do you do that, or do you keep it for some time under your own protection; or do you arrange to deliver the aircraft carrier to a point or port indicated by the War Assets Corporation? What is the procedure after having declared it surplus to the crown assets allocation committee—A. Through all our arrangements for the disposal of ships we have prior to disposal made arrangements with War Assets as to the point at which they wish to receive the vessels concerned. In the case of the East coast we arranged with them that they should receive the ships at Sorel. Up to and prior to V-J day we steamed the ships to Sorel and at that point handed them over to the custody of War Assets Corporation. Later on, after V-J day we altered the procedure, according to the time of the year, they wished to receive the ships at Shelburne, and we accordingly steamed the ships to Shelburne where they received them from the Navy.

By Mr. Jackman:

Q. Did the Navy own all the corvettes, algerines, and all the ships that we were using during the war? I presume all the corvettes owned by Canada were taken over by the Royal Navy.—A. The Royal Canadian Navy.

Q. The R.C.N., yes?—A. Yes. There were a number at certain times serving with the Royal Navy manned by our Canadian naval officers and personnel.

Q. So the R.C.N. was responsible for them anyway. Under whose flag did they sail, whose flag did they fly? What I am getting at is this, would they have R.C.N. registry—if I may use that term?—A. They were commissioned as R.C.N. vessels.

Q. So that all corvettes and algerines and that type of ship were turned over to the R.C.N. and after that whatever disposal was made of them was the responsibility of the R.C.N.?—A. Yes.

Q. Now, I wonder if you could tell us, using the same category as you used for the ships presently held, how many ships were declared surplus—any cruisers?—A. I can answer your question, Mr. Jackman. The ships declared surplus consist of 91 corvettes of two types—what we call increased endurance and flower class corvettes; 5 Castle class corvettes—I beg your pardon, 12 Castle class corvettes were declared surplus. There were 75 fairmiles, 14 destroyers, 49 bangor mine sweepers, 4 fundy class mine sweepers—4 fundy class mine sweepers were also returned to their former owners.

Q. Would they be private?—A. I think they were returned to other government departments. There were 3 training vessels declared surplus and turned over to War Assets, and 2 training vessels returned to owners. Forty frigates were declared surplus to War Assets. One depot supply ship to War Assets; 3 auxiliary cruisers declared surplus to War Assets. There were 3 submarines we were using for training purposes that were the property of the Royal Navy. We have declared them surplus to War Assets on their behalf.

Q. What was the property of the Royal Navy?—A. These three submarines.

Q. Yes?—A. And there were 316 miscellaneous local craft declared surplus and 66 returned to their owners. There may be some small additions to that in the final count, but that is the position to date.

By Mr. Reid:

Q. Might I ask Captain Hope this question: In coming to a decision to declare these various vessels surplus, the decision came from the fact that the

navy had no requirement for these vessels, or would the question of policy enter into it? We had one war expenditures subcommittee which had the privilege of going on one of these frigates and they seemed to be a rather formidable type of naval vessel, costing a considerable amount of money, yet we have forty of these declared surplus. I was just wondering who could use a frigate, outside of a country or a navy. The thought I had in mind was that the original cost of these boats was very considerable and I was wondering if they were being declared surplus on account of the fact that they had become worn out, or whether it was due directly to the fact that the navy had been cut down to the point where it could not man ships of this type.—A. I do not think I am competent to go into all the reasons considered in arriving at that policy, but there is no doubt but that the governing one was economy and the size of the navy; that is, the number of personnel approved and finally the number of ships to be maintained on active service and so approved as a part of policy, and certainly that policy was approved by the minister.

Q. I mentioned that because I wanted to ask this question: is it not a fact that the frigates were the latest and most up to date type of ship?—A. They were the latest thing in ships of that type.

Q. Well then, the fourteen destroyers—you have mentioned 14 destroyers have been disposed of—would they be destroyers given to us by the United States?—A. I think, Mr. Reid, they were not given to us by the United States, they were part of the fifty destroyers which Great Britain obtained in a trade with the United States, and, of that number Canada received I think it was seven from the Admiralty.

Q. What became of those seven? I am interested in those destroyers because statements were made in the press about the time they were turned over, or shortly after, about their general characteristics and qualities, and I think the feeling was part general that the United States was very glad to get rid of these old destroyers—I may say that I have been on one of them and I have heard a great deal about them from men who have served on board, that they were very narrow and not very pleasant to sail on. I was just wondering if among the destroyers which have been declared surplus to War Assets you included any of these old American destroyers, whether you had gotten rid of them.—A. We have.

By Mr. Jackman:

Q. Does it cost very much, Captain Hope, to retain a destroyer de-commissioned?—A. I am afraid I could not give you those figures.

Q. You would have to maintain a skeleton crew, and you would also need a guard?—A. Yes.

Q. And you have to keep them from rusting?—A. On all these ships in reserve the machinery is preserved with grease and oil and all precautions taken for protection against freezing and deterioration through rust and so on.

Q. It would not come under your direct responsibility to determine whether or not you kept these fourteen destroyers in a de-commissioned state rather than turn them over to War Assets?—A. No.

Q. I asked that question in view of the great service that the destroyers in the last war proved to be when we had to face the battle of the Atlantic in the early days, and did not have the craft with which to meet the submarine menace, yet we now find that the government is getting rid of fourteen destroyers, having turned them over I suppose for scrap value, whereas during the years 1918-1940 they did not become so out-moded as to be useless; as a matter of fact, they were of tremendous help. I merely put that on the record, Mr. Chairman, so that we can perhaps pick it up at the appropriate time, or it may be the wish of the committee to call some senior officers, or someone from the staff who had to do with determining this; or, perhaps it is a matter of govern-

ment policy which it has been suggested is outside of our scope, I think it is something to which the committee should give attention, and if it is not within our terms of reference, I suggest that they be broadened so as to include it so that this question of responsibility and disposal can be discussed.

By Mr. Probe:

Q. I have two questions which I should like to ask Captain Hope for which the answers are likely to be given later. The first one is, what contracts for naval supplies—and in that I include all naval purchases whether it be of craft, equipment, land, buildings and so on—what contracts for naval supplies contracted before V-J day are still active—that is supplies that Canadian people as time goes on will have to pay for. And, two, what contracts for naval supplies have been cancelled since V-E day—contracts, amounts and general nature. If they have been cancelling contracts direct I think they ought to be commended for that action.

Mr. JACKMAN: I take it that would include indents for supplies. The indents went through the Department of Munitions and Supply. When the war was approaching its conclusion, or when the war ended and you decided that you did not wish any further supplies—I should like to get just what the procedure was. You, of course, had no direct connection with the manufacturer or supplier, you had to notify the Department of Munitions and Supply, who, in turn, would go to the manufacturer; now, what would the procedure be; would it be navy of its own volition notifying munitions and supply that they did not wish any more of this, that or the other material; or how does it all come about when the contracts were cancelled and supplies were stopped to save the taxpayers money.

The WITNESS: Immediately following V-E day and V-J day we reviewed the contracts that we had in existence, that were active. As quickly as possible they were all reviewed and either cancelled entirely or reduced in quantity. At the same time munitions and supply working together with us—I think I am right in stating—stopped all contracts subsequent to V-J day and returned them for review to the departments concerned.

Mr. JACKMAN: After V-J day?

The WITNESS: Yes. Also following V-E day we re-affirmed contracts or cancelled them, as the case might be.

By Mr. McLure:

Q. I should like to ask a question following up the one put by Mr. Probe. What new contracts, if any, have been undertaken by the naval department since V-J day.—A. As I stated before I cannot answer that question offhand.

Mr. McLURE: Mr. Probe's question was on war contracts.

Mr. PROBE: I will be quite happy to have the answer submitted at a later date, the material asked for is rather lengthy. As long as it goes on the record that is sufficient for our purpose.

The WITNESS: I presume Mr. Probe from this you mean supply equipment rather than the ordinary day to day consumable edibles?

Mr. PROBE: Yes, the things with respect to which you would have to carry on negotiations with the manufacturer. Of course, if you were going to buy say five tons of sugar you would have a very good way of doing that, but when you were buying one hundred thousand uniforms, or perhaps a ship,—

The WITNESS: Or guns or radar equipment.

Mr. PROBE: Yes, that covers the whole field. We have paid a lot of money for the cancellation of contracts, and there is still a lot to be paid on some con-

tracts that you are still hoping to get filled. As long as you can give us this information I should like to have it.

The WITNESS: I think I will be able to supply it on that basis.

Mr. JACKMAN: Might I ask Captain Hope about these fourteen destroyers that were declared surplus; could he give me the average—better, suppose he could give us the specific age of each one; have you a list of them?—A. I am afraid I haven't that information with me.

Q. Generally, are they very old?—A. The American destroyers are very old.

Q. Seven of them were the old American destroyers?—No, I think there were two of them sunk prior to that time.

Q. Then that would leave five of the fourteen?—A. I think five out of the fourteen were old American destroyers.

Q. And the others were all—A. I think the balance were the old river class of destroyer.

Q. What are they?—A. The *Skeena*, the *Saguenay* and that class of destroyer.

Q. So they are all ex-R.N. destroyers?—A. Yes, they were; but I would hesitate to give the exact age of them, although I would say they were built on the average in the late twenties. I could get that information if it is desired.

Mr. JACKMAN: It would be of interest to the committee if we could get the average age.

Mr. BRADETTE: I am afraid some of them would be classed as old maids.

Mr. JACKMAN: You might let us have the age of each ship.

By Mr. McGregor:

Q. Could I ask Captain Hope if he knows how many destroyers were built in Canada.—A. None of these destroyers were built in Canada.

Q. I know, but how many destroyers were built and commissioned?—A. Destroyers?

Q. Yes. You know we were to build four?—A. The *Micmac* is the only destroyer completed and commissioned in Canada.

Q. Just the one?—A. There are more on order.

Q. What position are the rest of them in?—A. I am not prepared to give you any information on that.

Q. But what position are these four destroyers in now?

The CHAIRMAN: Which four?

Mr. MCGREGOR: The four which we heard so much about, the four destroyers which were going to be built by the end of 1945. You have heard about it before, haven't you?

The CHAIRMAN: I have heard you talk about it.

Mr. MCGREGOR: I think you have heard me talk about it.

Mr. COTÉ: Is the navy proceeding to dispose of any of these ships or craft through destruction; has the navy destroyed any ships that were surplus without reference to War Assets Corporation?—A. No.

Q. And after reference to War Assets have any been destroyed at their order?—A. No.

By Mr. McGregor:

Q. Are all these four destroyers which are still to be built in the hands of the navy?—A. No, they are not under the navy.

Q. Who do they come under?—A. A ship is not taken possession of by the navy until it has been completed and its trials have been carried out, and it has been accepted after satisfactory trial.

Q. Then you do not know anything about them until they are handed over to the navy; is that so?—A. That is so.

By Mr. Jackman:

Q. Which of these ships declared surplus are in your opinion solely fit for war use? For instance, destroyers are almost impossible of being converted into commercial use. Take a depot supply ship, do you know whether or not it could be converted to ordinary commercial use?—A. That is a little out of my sphere, but as a matter of opinion I would say that a depot supply ship could be used as a commercial proposition.

Q. I wonder if you could tell us what type of ships are exclusively war vessels aside from destroyers?—A. I believe a number of corvettes have been or are being converted to commercial use.

Q. What about fairmiles?—A. I believe also in the case of fairmiles some are being converted to commercial use.

Q. And the mine sweepers I suppose could be used for commercial purposes?—A. Yes.

Q. And the training vessels are convertible?—A. Yes.

Q. And the auxiliary cruisers?—A. They were formerly passenger steamships.

Q. And they will go back into passenger service?—A. I have no knowledge of that.

Q. Are they the *Prince* boats?—A. Yes.

Q. How about the submarines?—A. The submarines are of no commercial value.

The CHAIRMAN: Now, gentlemen, before we adjourn there is one other question which Captain Hope has not yet answered, that is question No. 8; I think perhaps we better leave the answer over to our next meeting. And that brings up the question as to whether we will be able to meet to-morrow.

Some of the MEMBERS: No, the Governor General is arriving.

The CHAIRMAN: Then we will adjourn until Tuesday morning at 11.00 o'clock. We will then continue with Captain Hope, and he will be followed by Colonel Denney.

The committee adjourned at 12.55 o'clock p.m. to meet again on Tuesday, April 16, at 11.00 o'clock a.m.

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Canada War
Expenditures
1926

(SESSION 1946
HOUSE OF COMMONS)

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(SPECIAL COMMITTEE

ON

WAR EXPENDITURES

AND

ECONOMIES

MINUTES OF PROCEEDINGS AND EVIDENCE

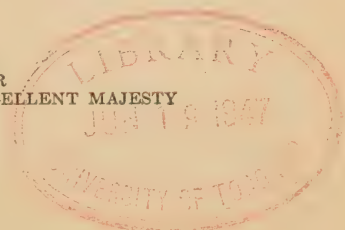
No. 6

TUESDAY, APRIL 16, 1946

WITNESSES:

Captain G. B. Hope, Assistant Chief, Naval Administration and Supply.
Colonel William Gordon Denney, O.B.E., Director of Ordnance Services
(Provision), Branch of the M.G.O.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1946



MINUTES OF PROCEEDINGS

TUESDAY, April 16, 1946.

The Special Committee on War Expenditures and Economies met at 11.00 a.m., the Chairman, Mr. Isnor, presiding.

Members present: Messrs. Bradette, Cleaver, Cote (*Verdun*), Golding, Isnor, Jackman, Marquis, McCullough, McGregor, McIlraith, McLure, Michaud, Probe, Stewart (*Winnipeg N.*)

In attendance: Colonel William Gordon Denney, Director of Ordnance Services (Provision), Branch of the M.G.O.; Captain G. B. Hope, Assistant Chief, Naval Administration and Supply; Air Commodore R. A. London, Director of Equipment Supply, R.C.A.F.; Messrs. H. R. Low and J. S. Irvin, Assistants to the President, War Assets Corporation.

Mr. McIlraith, Parliamentary Assistant to the Minister of Reconstruction and Supply filed answers to questions asked by Mr. Fleming, M.P., when he appeared before the Committee on April 2nd. (*See Minutes of Evidence*).

Mr. McIlraith also filed, for distribution to Members of the Committee, copies of a brief prepared by Mr. J. H. Berry, President, War Assets Corporation, on the policies established by War Assets Corporation for the disposal of real estate and buildings. As recommended by the Steering Committee in its Second Report of April 9th, it was agreed that the said brief would be printed when Mr. Berry appears to be questioned thereon.

Captain Hope was recalled, further examined, and retired.

Colonel Denney was called. He read a brief statement and was questioned on equipment and stores held by the army and on the disposal of surplus requirements.

At 1.05 p.m. witness retired and the Committee adjourned to the call of the Chair.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS

April 16, 1946.

The Special Committee on War Expenditures and Economies met this day at 11.00 o'clock a.m. The Chairman, Mr. Gordon B. Isnor, presided.

The CHAIRMAN: Gentlemen, we now have the legal number for our quorum and we will proceed with our business. Before calling on Captain Hope I will ask Mr. McIlraith, who was requested to supply answers to questions asked by Mr. Donald Fleming, to place the answers on the record.

Mr. MCLRAITH: Mr. Chairman, is it your intention I should read them?

The CHAIRMAN: That all depends on how lengthy they are. We want to give the witness as much time as possible.

Mr. MCLRAITH: They are fairly lengthy, perhaps I should give them to the clerk.

The CHAIRMAN: Would it be agreeable, gentlemen, to have those included in the minutes and then further discussion if necessary could be had after you have read the replies.

Mr. STEWART: That would be all right, Mr. Chairman, as far as I am concerned.

The CHAIRMAN: They will be taken as read and included in our minutes of proceedings.

Mr. COTE: Have you a copy for Mr. Fleming available now?

Mr. MCLRAITH: Yes.

The CHAIRMAN: Mr. Jackman agreed to sponsor the question.

(Statement by Mr. McIlraith in answer to Mr. Fleming's questions follows:)

Mr. Fleming's question as it appeared in the Routine Proceedings and Orders of the Day in the House of Commons was as follows:—

No. 62—Mr. Fleming

March 29—1. In the case of each of the buildings at the wartime Research Enterprises Limited plant at Leaside, Ontario,

(a) What was the cost of, (1) constructing or otherwise acquiring; (2) equipping the same?

(b) What disposal has since been made thereof?

(c) What were the terms of disposal, including, (1) price of buildings; (2) price of equipment; (3) undertakings as to employment of former employees of Research Enterprises Limited, and the number thereof; (4) recognition of collective bargaining agreement between the Research Enterprises Limited and Local 1039 of United Steel Workers of America; (5) date of delivery of possession; (6) name of purchaser or party otherwise acquiring?

2. (a) What other offers were received for such plant and equipment in each case?

(b) What other efforts were made to interest similar or comparable industries to purchase or acquire the said buildings in each case?

(c) What efforts were made in each case to obtain better terms as to employment of former employees of Research Enterprises Limited, maintenance of wage rates and recognition of the existing collective bargaining agreement?

3. (a) Who have been or are members of the Board of Directors of Research Enterprises Limited, and for what terms have they served or been appointed?

(b) Who are the present officers, and who were formerly the officers of Research Enterprises Limited?

4. In the case of all corporations which have acquired any of the said buildings and equipment, who are,

(a) The directors?

(b) Officers?

(c) Solicitors who acted for them in the purchase or acquisition?

5. In the case of how many of the said buildings has possession been taken by the purchaser or party otherwise acquiring the same, and on what dates?

6. (a) What buildings and equipment still remain in the ownership of Research Enterprises Limited?

(b) What use or disposal thereof is intended?

(c) If disposal is intended to whom, and on what terms?

7. (a) How much space will be used and occupied by Canadian Arsenals Limited?

(b) How many employees of Research Enterprises Limited will be continued in the employment of Canadian Arsenals Limited?

(c) Will the collective bargaining agreement between Research Enterprises Limited and Local 1039 of the United Steel Workers of America be recognized and enforced by Canadian Arsenals Limited?

(d) What type of work and operation will be carried on by Canadian Arsenals Limited?

(e) What products will they manufacture?

(f) On what date will Canadian Arsenals Limited take over, or on what date have they taken over, possession of plant or equipment from Research Enterprises Limited?

8. Have government orders for radar or optical instruments been placed with private industry?

9. (a) Where will Turbo Research Company be located?

(b) On what operations will it be engaged?

10. (a) Has the Government of the United Kingdom placed any orders for radar equipment since V-J Day with Research Enterprises Limited?

(b) Has the Government of the United Kingdom intimated a willingness to place such orders, if suitable financing can be arranged?

I have part of the answer available to-day. Perhaps I should put on record the answer to question 7 first:

Q. 7. (a) How much space will be used and occupied by Canadian Arsenals Limited?

A. Land, 20 acres; Buildings, 146,470 sq. feet.

Q. (b) How many employees of R.E.L. will be continued in the employment of Canadian Arsenals Limited?

A. Number not known at the present time. Arsenal employees, as and when required, will be recruited from former R.E.L. employees as far as possible.

Q. (c) Will the collective bargaining agreement between R.E.L. and Local 1039 of the United Steel Workers of America be recognized and enforced by Canadian Arsenals Limited?

A. No. A new Agreement would be necessary.

Q. (d) What type of work and operation will be carried on by Canadian Arsenals Limited?

A. Repair, maintenance, development and production of equipment for the Services.

Q. (e) What products will they manufacture?

A. Special and secret fire control instruments, optical and radar.

Q. (f) On what date will Canadian Arsenals Limited take over, or on what date have they taken over, possession of plant or equipment from R.E.L.?

A. Not definite. Probably in May.

With respect to question 1, the information as to the cost of each building has not been obtained as it is anticipated that these buildings will be sold in groups and I take it that what the Honourable Member is seeking is the cost of the groups involved in each particular sale. If further supplementary information is wanted in this connection at a later date it can be given. The cost of Research Enterprises Limited was given to the Honourable Member in the House of Commons on October 17th, 1945. The total cost of the land is \$134,992.72. The total cost of the buildings is \$3,525,181.77. The total cost of machinery and other equipment is \$5,400,053.70.

Two pieces of property of Research Enterprises Limited have been sold to date and the sale completed. They are:

To the Corning Glass Works, 8.185 acres including building, usually referred to as building No. 14, sold for \$150,000.00 cash and with the agreement providing certain obligations to provide steam heat to possible purchasers of other buildings. This building was delivered to the Corning Glass Works March 31st, 1946. The original cost was \$522,000.00. Solicitors for the purchaser are Messrs. Borden, Elliott, Kelley, Palmer & Sankey, 320 Bay St. Toronto.

The other completed sale is to Reo Motor Company of Canada Limited of building No. 15. This parcel contains approximately 2.21 acres of land and was sold for \$130,740.00, to be fully paid in cash as vacant possession is given. The total cost of this parcel of land is approximately \$4,000.00, buildings, improvements and equipment \$260,305.55. The solicitors for purchaser are Messrs. Beaton, Bell & Pond, Toronto, Ont.

The sale of the buildings did not include any equipment. Where the purchasers have signified their desire to purchase equipment formerly installed in these buildings, they have paid or are being required to pay the regular War Assets disposal price of such equipment. Certain sales of equipment are in process of negotiation but have not been completed.

The Directors of Research Enterprises Limited are: Mr. A. L. Ainsworth, Colonel O. M. Biggar, K.C., Professor E. F. Burton, Mr. John Mitchell, Colonel W. E. Phillips, Lt/Col. G. H. Rainville, Mr. W. E. Ross.

The Officers of Research Enterprises Limited are: Colonel W. E. Phillips, Mr. Arnold Gaine, Mr. A. R. G. Ament.

There are two other sales of substantial part of Research Enterprises Limited property almost completed. Until they are fully completed the information with respect to them cannot be given.

With respect to the inquiry "What other offers were received for such plant and equipment in each case", there have been very active and extensive negotiations with respect to this property, in some cases resulting in firm offers and in other cases no firm offer materialized. Some of the negotiations involved different combinations of parts of the property than those officially sold. It is, therefore, impossible to answer the question in this categorical form.

The Department does not have information as to the Directors and Officers of the Corporations acquiring lands from Research Enterprises Limited.

(End of Mr. McIlraith's statement)

MR. MCLRAITH: In addition we have the brief on the disposal of real estate. You remember, I undertook that it would be delivered in advance of

the meeting when the committee will deal with it. It is now ready for distribution.

The CHAIRMAN: I think we made a recommendation that that would be distributed to the committee but not put it in our minutes until Mr. Berry appeared before the committee.

Some Hon. MEMBERS: That is right.

The CHAIRMAN: We will follow that procedure. Captain Hope, will you be good enough to take the stand?

Captain G. B. HOPE, Assistant Chief, Naval Administration and Supply, recalled:

The CHAIRMAN: There is one question, number eight, outstanding. Captain Hope will now give the answer to that.

The WITNESS: The question was asking for a list of yachts chartered commercially, or on a nominal basis, or donated, and their disposition including moneys required to recondition them for return to their owners. A detailed answer to this question would be rather lengthy, but I have here a summary which might possibly meet the purpose:—

25 vessels on commercial charters

27 vessels were chartered at \$1.00 a year

5 vessels were sold at \$1.00; and

6 vessels were on loan without cost from other departments.

All chartered vessels had to be restored to their former condition, less fair wear and tear. All these vessels have been restored with the exception of two.

By Mr. Jackman:

Q. All chartered vessels have been returned with the exception of two?—

A. Yes. I have a long list, Mr. Chairman; it would be rather tedious to read it all.

The CHAIRMAN: What is your pleasure, gentleman?

Mr. McGREGOR: I would suggest that the list be put in the minutes.

The detailed statement is as follows:—

Ship's Name	Type of Craft	Length	Engine	Screw	How Acquired Charted or Bought	Returned to Owner
<i>Frank Dixon</i>	Steel Tug.....	88'	Steam.....	.....	\$600.00 per month.....	Can. Dredge & Dock Co., Toronto.
<i>Fifer</i>	Yacht.....	104'	.....	Twin.....	\$833.00 per month.....	Empire Stevedoring Co., Vancouver.
<i>Marrila</i>	Yacht.....	105'	Diesel.....	Twin.....	\$411.66 per month.....	Nfld. Commission.
<i>Macstin</i>	Tug.....	125'	Steam.....	Single.....	\$741.67 per month.....	Marine Industry.
<i>Canacolin</i>.....	.....	75'	Gasoline.....	.....	\$3,690.00 per year.....	American Can. Co., Vancouver, B.C.
<i>Andre Dupre</i>	Yacht.....	125'	Steam.....	Single.....	\$1,187.50 per month.....	Marine Industry.
<i>Helen S.</i>	Tug.....	80'	Diesel.....	Single.....	\$ 900.00 per month.....	Can. Dredge & Dock.
<i>Haro</i>	Tug.....	106'	Steam.....	Single.....	\$35.00 per month.....	B.C. Mills Tug & Barge Co., Vancouver.
<i>Glenclova</i>	Tug.....	85'	Steam.....	Single.....	375.00 per month.....	Oka Sand & Gravel Co., Montreal.
<i>Lil II</i>	Yacht.....	54'	Gasoline.....	Single.....	1.00 a year.....	I. Buck, Montreal with \$18,726.25 for repairs.
<i>Serella II</i>.....	.....	78'	Gasoline.....	Single.....	422.92 per month.....	Capt. F. S. D'eon, Upper West Pubnico, N.S.
<i>Shulamite</i>	Yacht.....	105'	Diesel.....	Single.....	411.66 per month.....	Nfld. Government.
<i>Ripple</i>	Fishing Vessel.....	100'	Diesel.....	Single.....	470.00 per month.....	Provincial Police, B.C.
<i>Crusader</i>.....	.....	.....	.....	.....	510.00 per month.....	Mr. H. Reifel, Vancouver, B.C.
<i>Glennruin</i>	Motor Vessel.....	38'	Diesel.....	Single.....	1.00 per year.....	Cdr. Ogle, Esquimalt.
<i>Rayon D'Or</i>	Trawler.....	140'	Steam.....	Single.....	\$1,666.66 per month.....	Maritime Fisheries, Quebec.
<i>Acadia</i>.....	.....	.....	.....	.....	Loan.....	Mines & Resources.
<i>Ventia</i>	Yacht.....	226'	Steam.....	Twin.....	1.00 per year.....	Robert S. Misener, Port Colborne.
<i>Ambler</i>.....	.....	.....	.....	.....	1.00 purchased.....	C. H. Sheppard, Wabashine.
<i>Anna Mildred</i>	Yacht.....	65'	Gasoline.....	.....	1.00 purchased.....	(H. C. Hatch, Toronto); Transactions not complete.
<i>Chimon</i>	Schooner.....	68'	Diesel.....	.....	1.00 per year.....	Mr. J. D. Eaton, Toronto.
<i>Hoosier II</i>	Yacht.....	58'	Gasoline.....	Twin.....	1.00 per year.....	Mr. J. B. Webster, Toronto.
<i>Lady Baltimore</i>	Yacht.....	77'	Gasoline.....	Twin.....	1.00 per year.....	Mr. G. Proctor, Toronto.
<i>Elizabeth</i>	Motor Boat.....	28'	Gasoline.....	Single.....	1.00 per year.....	Commodore Earl (Not returned).
<i>Eyolfur</i>	Motor Boat.....	24'	Gasoline.....	Twin.....	1.00 per year.....	J. Eaton, Toronto.
<i>Millicette</i>	Yacht.....	85'	Gasoline.....	Single.....	1.00 per year.....	Mr. R. Morton, Quebec.
<i>Meander</i>	Fishing Vessel.....	69'	Diesel.....	Single.....	1.00 per year.....	Mr. G. Kidd, Vancouver.
<i>Minnicog</i>	Yacht.....	36'	Gasoline.....	Single.....	1.00 per year.....	Navy League of Canada, Toronto.
<i>Pahfinder</i>	Yacht.....	145'	Steam.....	Single.....	1.00 per year.....	S. B. Playfair, Toronto.
<i>Pilot Boat</i>	Motor Launch.....	36'	Gasoline.....	Single.....	1.00 per year.....	Gordon C. Leitch, Toronto.
<i>Pirale IV</i>	Stell Ketch.....	90'	Diesel.....	Single.....	1.00 per year.....	G. C. Leitch, Toronto.
<i>Sig II</i>	Yacht.....	40'	Gasoline.....	Single.....	1.00 per year.....	W. R. Nesbitt, Toronto.
<i>Shrl.</i>	Yacht.....	56'	Gasoline.....	Twin.....	1.00 per year.....	T. W. Seagram, Waterloo, Ont.
<i>Vencador</i>	Yacht.....	146'	Steam.....	Twin.....	1.00 per year.....	Hon. E. W. Hamber, Lt.-Gov., B.C., Victoria.
<i>Whisper</i>	Motor Boat.....	31'	Gasoline.....	Single.....	1.00 Gift Purchase.....	Paul J. Myler, Hamilton.
<i>Wausau II</i>	Motor Vessel.....	63'	Gasoline.....	Triple.....	1.00 per year.....	Col. R. M. Courtney, Ottawa.
<i>H. C. 30</i>	Motor Vessel.....	35'	Gasoline.....	Single.....	1.00 per year.....	H. F. Ritchie, Barrie, Ont.
<i>H. C. 42</i>	Tug.....	62'	Diesel.....	.....	\$2,942.00 per year.....	Capt. E. Keeling, Vancouver.
<i>H. C. 49</i>	Motor Vessel.....	35'	Gasoline.....	Single.....	1.00 per year.....	J. A. Mann, Montreal.
<i>H. C. 60</i>	Yacht.....	97'	Diesel.....	.....	416.67 per month.....	Eastern Motorship Co., Halifax, N.S.
<i>H. C. 44</i>	Motor Vessel.....	44'	Gasoline.....	.....	1.00 per year.....	R. B. Irving, Vancouver.
<i>H. C. 80</i>	Yacht.....	53'	Gasoline.....	Twin.....	1.00 per year.....	J. T. Fulford, Brockville.

Ship's Name	Type of Craft	Length	Engine	Screw	How Acquired Charted or Bought	Returned to Owner
<i>H. C. 90.</i>	Yacht.	29'	Gasoline.	Single.	\$ 672.00 per month.	Marine Sale & Service Co., Vancouver.
<i>H. C. 91.</i>	Motor Vessel.	55'	Diesel.	Single.	1.00 per year.	Dept. of Fisheries, Ontario.
<i>H. C. 96.</i>	Motor Vessel.	37'	Diesel.	Single.	\$1,920.00 per year.	H. E. Van Froome, Vancouver.
<i>H. C. 98.</i>	Motor Vessel.	28'	Gasoline.	Single.	1.00 per year.	P. C. Amos, Montreal.
<i>H. C. 99.</i>	Motor Vessel.	45'	Diesel.	Single.	1.00 per year.	P. Thorton, B.C.
<i>H. C. 128.</i>	Yacht.	39'	Gasoline.	Single.	1.00 per year.	G. D. Porteous, Montreal.
<i>H. C. 137.</i>	Yacht.	58'	Diesel.	Single.	Loan.	Minister of Fisheries.
<i>H. C. 138.</i>	Motor Vessel.	29'	Gasoline.	Single.	1.00 per year.	J. W. Laingmuir, Brockville.
<i>H. C. 298.</i>	Motor Vessel.	50'	Gasoline.	Twin.	\$ 235.00 per month.	C. K. Fuller, Yarmouth, N.S.
<i>Dispatch II.</i>	Yacht.	55'	Gasoline.	Single.	1.00 Gift.	Blackstock, Toronto.
<i>Haidee.</i>	Tug.	42'	Diesel.	Twin.	\$2,000.00 per year.	Mewago Timber Co., Port Arthur.
<i>Murray Steuard.</i>	Patrol Vessel.	79'	Steam.	Single.	1.00 Gift.	E. G. Watt, Toronto.
<i>Nitnad.</i>	Fishing Vessel.	119'	Diesel.	Single.	Loan.	Dept. of Transport.
<i>Altavardy.</i>	Fishing Vessel.	107'	Diesel.	Single.	Loan.	Dept. of Fisheries.
<i>Norsal.</i>	Fishing Vessel.	70'	Diesel.	Twin.	\$ 420.00 per month.	Capt. R. J. Roberts, Vancouver.
<i>Pugwash.</i>	Tug.	128'	Steam.	Single.	\$15,048.00 per year.	Powell River Co., Vancouver.
<i>G. V. 12.</i>	Gate Vessel.	104'	Steam.	Single.	Loan.	Dept. of Public Works.
<i>G. V. 14.</i>	Gate Vessel.	135'	Steam.	Single.	Loan.	Dept. of Transport, Ottawa.
<i>H. C. 87.</i>	Motor Vessel.	135'	Diesel.	Single.	\$8,000.00 per year.	Marine Industry, Vancouver.
<i>H. C. 907.</i>	Motor Vessel.	34'	Steam.	Single.	\$ 900.00 per year.	T. Charlton, Britannia Beach, B.C.
		49'			\$1,250.00 per year.	W. H. Clarke, Sydney, N.S.

Mr. JACKMAN: I wonder if Captain Hope would have any opinion, or any information, as to the method of buying these ships at the commencement of the war, or in 1940.

Mr. CLEAVER: I do not think that is within the scope of our inquiry at all.

Mr. JACKMAN: I think the witness is competent to answer the question, as to what was the regular naval procedure, if there was a naval procedure for the acquisition of private yachts.

The WITNESS: Are you referring to the chartered vessels?

Mr. JACKMAN: The whole number. Was there any regular procedure? Did you ask people for ships or did they volunteer them, or did you indenture them, or what?

The WITNESS: I am afraid I have no direct knowledge of the answer to that question. I understand that on all vessels which were chartered a survey was made before the charter was completed.

Mr. MCGREGOR: Did I understand the witness to say two boats had not been turned back yet? For what reason?

The WITNESS: With respect to one, the owner does not wish for its return for the present; and with respect to the other there has been some matter of negotiation, and, we are awaiting a letter from the owner.

Mr. COTE: You say there are five which have been purchased by the government for \$1.00? Are those the ones which were sold for \$1.00.

The WITNESS: The procedure we followed in returning or disposing of vessels that were purchased at one dollar was, that the former owner was approached and asked if he wished to have the vessel back on the same terms.

Mr. COTE: You disposed of five in that way?

The WITNESS: With one exception, that is one of two I mentioned.

Mr. JACKMAN: These two ships have been restored to their owners?

The WITNESS: I believe not.

Mr. COTE: But they will be?

The WITNESS: If they were chartered they would be returned.

Mr. MCGREGOR: Is the amount spent in each of these boats on that list?

The WITNESS: No, I am afraid it is not, Mr. McGregor. In the time I have not been able to assemble those figures.

Mr. COTE: Did you have other questions?

The CHAIRMAN: That completes the eight questions.

Mr. MCGREGOR: We can come back to them later.

The CHAIRMAN: There were other questions which were asked Captain Hope following these eight, which arose out of the discussion at our last meeting; would you care to answer them now Captain Hope?

The WITNESS: The first question was, what proportion of the three-to-five-years' stock of clothing was held for reserve forces. The answer is, the proportion of three-to-five years' stock of clothing held for reserve forces is seventy per cent.

Mr. JACKMAN: That seems like a very large proportion; you have 10,000 in your permanent navy and 18,000 on reserve. I presume you have the sea cadets in there too?

The WITNESS: Yes, I have.

By the Chairman:

Q. The proportion of clothing for both reserve and cadets would be very much smaller in comparison to active forces, would it not?—A. No, it is not, Mr. Chairman.

Q. Is that so? I would have thought, without knowing of course, that the requirements of a man on active service would be at least three times as much as that for reserve, and possibly five to one on your cadets.—A. The position might change in the course of the next two or three years; when all the reserves are recruited and the sea cadets are recruited, the rate of issue to reserve forces and sea cadets is very likely to reduce somewhat, but for the next few years the rate of issue will be fairly high.

By Mr. Jackman:

Q. I was just wondering here, Mr. Chairman; you see, we are not keeping very much clothing for the active force; seventy per cent for the reserve and the cadets. I think the figure given to us with respect to clothing for disposal was something like \$2,500,000 which had been declared surplus. In terms of years, how much clothing has been reserved for the active force?—A. That is on the basis of our policy of retaining a three-to-five-year stock.

Q. In other words, you applied the three-to-five-year principle to your reclassification of the reserves and the cadets?—A. That is it.

Q. If I might put just one more question; I suppose at a time of active war a greater amount of clothing is used?—A. Not a great deal. We have to carry a pretty wide coverage in sizes of uniforms both for the active service and the reserve. For instance, I have information that our boot sizes run from six to fourteen, and that accounts for a considerable quantity of additional boots for the sizing.

The CHAIRMAN: The next question?

The WITNESS: The next question was, what is the total value of band instruments purchased by the navy during the war. The answer to that is, the total value of band instruments purchased for the navy during the war is \$52,650.87.

The CHAIRMAN: And the next question?

The WITNESS: The third question was asking for a breakdown statement of stocks of clothing held by the navy into categories similar to those given for declarations of surpluses. This necessitated quite a long statement, Mr. Chairman; with your permission I would put a copy of it on record. It is as follows:—

	Uniform Kit	Quantity	Estimated Value	
Jumpers, Serge.....	No.	70,000	\$ 315,000	
Trousers, Serge.....	Prs.	48,000	200,000	
Trousers, Duck.....	Prs.	60,000	120,000	
Jumpers, Duck.....	No.	60,000	123,000	
Overcoats.....	No.	35,000	700,000	
Boots & Shoes				
Boots.....	Prs.	65,000	400,000	
Shoes.....	Prs.	20,581	102,905	
Rubbers.....	Prs.	72,000	47,000	
Shoes, Gymnastic.....	Prs.	19,000	20,000	
Shoes, White, Leather Soles.....	Prs.	9,000	25,000	
Socks.....	Prs.	112,000	28,000	
Stockings.....	Prs.	67,000	40,000	
Vests, Flannel.....	No.	62,000	114,000	
*Vests, Seamen, Cotton, T & U.....	No.	55,000	50,000	
Caps & Cap Covers				
Caps, B.C.....	No.	58,000	54,000	
Caps, Peak.....	No.	18,000	41,000	
Caps, White Duck.....	No.	40,000	35,000	
Cap Covers.....	No.	40,000	8,000	
*Underwear, Summer & Winter				
Drawers, Summer Shorts.....	Prs.	46,000	23,000	
Combination Suits, Winter.....	No.	49,500	121,000	
Jerseys.....	No.	40,000	100,000	50% Winter Clothing
Jersey Pullovers.....	No.	10,000	10,500	
Shirts & Trousers, Working Suits.....	Suits	23,000	75,000	
Coats, Waterproof.....	No.	18,500	334,000	
Coats, Oilskin.....	No.	21,000	80,000	
*Shirts, Tropical.....	No.	12,000	15,000	
*Shirts, Tropical & Recreational.....	No.	23,000	25,000	
Towels.....	No.	110,000	39,000	
Shirts.....	No.	57,000	80,000	
Collars, Blue Jean.....	No.	70,000	5,200	
TOTAL			\$3,330,605	
Sundries to complete kits, i.e. Braces, Belts, Brushes, etc.			667,035	
Special Issues, Cooks' Coats & Hats, Knives, etc.			15,800	
Materials held in stock for tailor made uniforms Class I & III (also Officers' Uniforms)			49,203	
GRAND TOTAL			\$4,062,643	

*Including clothing in kit for wear during summer.

(Tropical uniforms)

Bedding	Quantity	Estimated Value	
Beds.....	No. 9,300	18,746	
Blankets.....	No. 30,000	200,000	
Bed Covers.....	No. 16,000	16,000	
Hammocks.....	No. 9,000	25,000	
TOTAL		\$ 259,746	
Loan Clothing			
Duffel Coats.....	No. 4,000	68,000	
Boots, Rubber.....	Prs. 4,900	8,600	
Fearnought Clothing.....	Suits 4,000	30,000	
Weatherproof Protective Suits.....	No. 4,000	136,000	
Gauntlets.....	Prs. 3,000	3,000	
Gloves, Anti-Flash & Anti-Gas.....	Prs. 28,000	16,000	
Hoods.....	No. 13,000	6,000	
Sou'westers.....	No. 30,000	18,000	
Sun Helmets.....	No. 2,700	5,000	
Stockings for Sea Boots.....	Prs. 8,000	15,000	
Sundries.....		144,210	
			449,810
Winter Clothing			
Caps, Winter.....	No. 30,000		
Mitts.....	Prs. 48,800		
Mufflers.....	No. 40,000		
Gloves.....	Prs. 30,000		214,911
Socks.....	Prs. 130,000		
Stockings.....	Prs. 25,000		
Cardigan Waistcoats.....	No. 8,000		

\$4,987,110

The CHAIRMAN: Now, the next question:

The WITNESS: Question number four is in two parts. Part 1, what contracts for naval supplies, contracted for before V-J Day are still active (that is supplies for which Canadian people will assume cost when delivered)? The answer to that is: The estimated value of naval supplies contracted for before V-J Day and still active is:

Equipment Section

Naval stores	\$ 834,859 75	
Radio	774,017 66	
A/S	33,087 25	
Clothing and mess traps	76,711 30	
		\$ 1,718,675 96

Ships and Dockyard Section

Machinery	\$ 12,245 99	
Ships	6,085,437 00	
		6,097,682 99

Ordnance Section

Guns and mountings	\$ 44,874 00	
Fire control stores	595,287 00	
Torpedo, hedgehog and depth charge stores ..	352,180 72	
Ammunition	1,245,463 00	
		2,237,804 72

Total		\$10,054,163 67
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By Mr. Probe:

Q. With respect to that, Mr. Chairman, may I ask whether these contracts were kept uncanceled because of a need that the navy felt for the materials mentioned in the contract, or was it because of the nature of the contract itself which more or less forced them to accept?—A. It was because of the continuing need for these supplies and equipment.

Q. This equipment and materials which you feel will be required in your work?—A. That is it.

Q. And outside of this \$10,000,000 odd you have no other uncanceled contracts?—A. This question was asked at the previous meeting, specifically excluding ordinary consumable stores.

Q. That is right, there have been perishables, such as food.—A. Yes.

Q. Would the Department of Munitions and Supply have additional contracts in existence still unfilled and on which manufacturers are working on navy account, or are you responsible; that is, do you have any, in any part of the country that is still in existence?—A. We have knowledge of all orders which we have placed.

Q. I mean the Department of Munitions and Supply could not conceivably put out tenders or contracts on their own that you had not asked for?—A. Certainly not.

By Mr. McGregor:

Q. What did you do with these goods under the three headings to which you referred, do you know what has happened to them?—A. I beg your pardon?

Q. What happened to the goods in that list there amounting to \$10,000,000 odd that you say are still out and under contract; when you receive these goods what do you intend to do with them?—A. That all depends on the class of stores. They are items of equipment, machinery and ammunition and so on, that are required in some cases for ships building, and things of that nature.

Q. Will some of that be turned over to War Assets?—A. No, none whatever.

Q. None of that?—A. None of it.

Q. These are all things you are going to use in the future for the navy?—A. That is it.

Q. As far as boats are concerned, I suppose there were no contracts for boats outstanding at the end of the war?—A. That is in the second part of this question.

Q. There are some boats, you say?—A. I was going to answer that in the second part of this.

Q. Of this question?—A. Yes.

The CHAIRMAN: Supposing you hear the answer, Mr. McGregor; will you proceed with the answer, Captain Hope?

The WITNESS: The second part of the question is; what contracts for naval supplies have been cancelled since V-E day? The answer to that is: The estimated value of naval contracts and supplies cancelled since V-E day is:

Equipment Section

Naval stores	}	\$17,342,396 51
Radio		
A/S		
Victualling stores (provisions, mess traps and galley gear, clothing, all types		

Ships & Dockyard Section

Machinery	\$ 102,158 47	
Ships	4,192,937 80	
		4,295,096 27

Ordnance Stores

Guns and mountings	\$6,263,387 00	
Fire control	1,306,404 00	
Torpedo, hedgehog and depth charge stores ...	2,904,846 35	
Ammunition	2,593,824 00	
		13,068,461 35

Total		\$34,705,954 13
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By Mr. Jackman:

Q. Is that the end of the question?—A. Yes.

Q. I wonder if Captain Hope can tell us this; I notice with respect to supplies contracted for before V-J day are included an amount for Ordnance totalling \$2,237,804.72; it would seem to a layman that you probably had enough ammunition and guns on hand without taking delivery of contracts then in existence. Could you give us a little more detailed information about that?—A. I am afraid that I cannot give you a breakdown on that at this time.

Q. There is similar interest in regard to \$6,097,682.99 for the ships and dockyard section? Does that include any large ships?—A. That is almost entirely for the tribal class destroyers.

Q. And they were being built in Halifax, were they? How much does a tribal class destroyer cost?—A. I was trying to find that figure. I haven't a breakdown of these figures with me I am afraid.

Q. Do any of these active contracts refer to the cost of equipping the fleet air arm?—A. To which item are you referring, equipment stores?

Q. I do not know where you may have it, but are there any of the items of the \$10,000,000 of active contracts?—A. No, I think not.

By Mr. Probe:

Q. I have one supplementary question on the cancelled contracts. Was any financial consideration necessary, that is, was there any financial loss to the Department of Munitions and Supply caused by the cancellation of this \$34,000,000 odd of contracts? Would you have to reimburse a manufacturer for a broken contract, or were your contracts so worded that you could cancel on notice without loss?—A. I think that is a question that should properly be answered by the Department of Munitions and Supply.

Q. As far as you are concerned it does not come within your purview?—A. Naval Service does not let any contracts itself.

The CHAIRMAN: We will pass on to question No. 5, gentlemen.

The WITNESS: Question 5 is: What is the age of each destroyer declared surplus to Crown Assets Allocation Committee? I can read you the names and

the ages, H.M.C.S. Niagara, 26 years old; St. Frances, 26 years old; Annapolis, 26 years old; Hamilton, 26 years old; St. Clair, 26 years old; Columbia, 26 years old; Assiniboine, 14 years old; St. Laurent, 13 years old; Restigouche, 13 years old; Kootenay, 12 years old; Saskatchewan, 10 years old; Ottawa, 9 years old, and Chaudiere, 9 years old.

By Mr. Stewart:

Q. What is their disposition when they are declared surplus? Are they scrapped?—A. That is a matter for Crown Assets or War Assets decision.

Q. Do you know what the decision was?—A. I happen to know unofficially in some cases but I have no official information.

The CHAIRMAN: That completes the questions placed before Captain Hope. If there are no further questions I would thank Captain Hope and excuse him for the time being. No doubt he will be recalled after the members have read the answers as they will appear in the minutes of today's meeting. Thank you very much, Captain Hope.

By Mr. McGregor:

Q. Just before he goes, I do not know under whom this question comes, but what I want to get is the cost of the destroyers, how many destroyers were built in Canada and what they cost. I do not know whether I should get that from Captain Hope or from somebody else?—A. I think I can get that information for you, Mr. Chairman.

Q. There was a yard set up to build these destroyers. How much was the complete cost of that yard? How many boats were delivered, and what is the condition of the other boats that are there?—A. I do not think I can answer the question on the present condition of the vessels, but I can answer the question on the estimated cost of those vessels.

Q. On the estimated cost?—A. They are not completed yet. There is only one vessel completed.

Q. That is what I thought. I should like to know what the one cost that is completed and how much money has been spent on the rest including the cost of the yard. I do not know whether you have that.

The CHAIRMAN: Just what do you mean?

The WITNESS: I know nothing about the cost of the yard.

The CHAIRMAN: You say a yard was set up for that purpose.

Mr. MCGREGOR: There was so much money spent on a yard, was there not?

The CHAIRMAN: Of course, I am not the witness. I cannot answer, but I want to make sure that your question is understood. I want to get your question clear so that we will be able to give you a proper answer. You will have to name the ship and the yard. I do not know of any yard that was set up.

Mr. MCGREGOR: My understanding is there is only one yard in Canada where they were building destroyers. You know that. Why do you ask me what yard it is?

The CHAIRMAN: I want to make sure your question is understood.

Mr. MCGREGOR: We are quite sure there was only one yard in Canada where they built destroyers so do not try to throw me off the track.

The CHAIRMAN: I would not be able to do that knowing you as I do. Let us understand one another. Your question is as to the cost of this yard?

Mr. MCGREGOR: Yes.

The CHAIRMAN: I do not think that this committee has anything to do with that. The reference does not cover that.

Mr. MCGREGOR: That is the question I am asking. Do I have to get it from Captain Hope or somebody else?

The CHAIRMAN: Your first question will be answered.

Mr. MCGREGOR: We will get the rest from some other department?

The CHAIRMAN: Likely. Thank you very much, Captain Hope. Colonel Denney, will you be good enough to take the chair?

Colonel WILLIAM GORDON DENNEY, O.B.E. Director of Ordnance Services (Provision), Branch of the Master-General of the Ordnance, *called:*

The CHAIRMAN: Colonel Denney, will you be good enough to give the committee your name in full, your duties and also any other necessary information?

The WITNESS: My full name, Mr. Chairman and gentlemen, is William Gordon Denney, the latter name spelled D-e-n-n-e-y. I am Director of Ordnance Services (Provision). As there is more than one director I am designated as the director of provision and I am under the Master-General of the Ordnance and, as you know, in the Department of National Defence (Army).

By the Chairman:

Q. Col. Denney, you have heard the discussion that has been going on during the past two or three weeks while attending these committees. You are prepared to make a general statement today?—A. I have some preliminary remarks that I should like to make to the committee.

By Mr. Jackman:

Q. Would Colonel Denney tell us what is embraced under "provision" in the M.G.O. Branch?—A. "Provision" means provision of all stores required by the army. That includes general stores which might be classified as clothing, barrack stores, etc., and any expendables; technical stores, including ammunition; mechanization stores, including load carrying and passenger vehicles, armoured fighting vehicles, and all spare parts that go with those, and any ancillary stores, plus the mechanical stores required by the engineers, road grading equipment, bulldozers, and so on. That is the general classification. I have in my preliminary remarks a short classification of stores and some suggestions about questions on them.

By the Chairman:

Q. Will you proceed with your statement or brief, Col. Denney?—A. Mr. Chairman and gentlemen:

I. In these preliminary remarks I shall not go into detail in regard to disposals of Army equipment but, rather, I shall give you—

- (a) The background of Army equipment
- (b) The organization of provision within the Army to assist you in categorizing the information you may deem necessary.

The Post-War Army

It has been planned to provide equipment for the Post-War Army as follows:—

- (a) An Active Force of 25,000, with additional units which may amount to approximately 1,200 (the Northwest Highway System and the Northwest Territories Signal Stations).
- (b) A Reserve Force of six Divisions, four independent Armoured Brigades, and selected Corps and Army Troops for an Army of two Corps. As it is possible that we may not be able to enlist more than 50 per cent of the authorized establishment of this Reserve Force, we are planning only on a basis of supplying equipment for 90,000 troops during the initial stages of organization.

- (c) It is further planned to have a Supplementary Reserve as part of the Reserve Force. Members of this Reserve are not obligated to annual training, and therefore, I might add there is not any provision problem in this respect.
- (d) In addition, it is planned to continue Cadet Training. The present strength of Cadets in Canada is approximately 113,000.

II. *Equipment Policy for the Post-War Army*

1. It has been decided that our Post-War Army must be provided with modern equipment. Although there are many new developments which may, in the near future, change the type of some weapons with which the Army fights it is somewhat too early to assess all these. Therefore, it has been decided that we will start with such battle proven equipment as we have available, and that as new weapons and equipment are developed, the Canadian Army will share in this development.

2. It is planned to equip the Active Force to 100 per cent of entitlement of all stores, including weapons and vehicles; i.e. it is the present policy that this Force should be maintained at war establishment.

3. For the Reserve Force it is planned to equip the units with sufficient equipment for adequate training, having in mind limitations of accommodation and maintenance facilities. The following general scales will apply.

- (a) Personal Weapons—100 per cent of entitlement.
- (b) Infantry, Artillery and Mortars—33 $\frac{1}{3}$ per cent of entitlement.
- (c) Field & Medium Artillery—50 per cent of entitlement.
- (d) Anti-Aircraft Artillery—Approximate 25 per cent of entitlement.
- (e) Load carrying Vehicles including Tracked Carriers—Approximately 10 per cent of entitlement.
- (f) Technical Vehicles—At least 1 of each type for training for each unit requiring same.
- (g) Armoured Fighting Vehicles—A small scale of tanks and self propelled guns to provide adequate prototypes for training.
- (h) Technical Stores including Engineers Stores—Approximately 25 per cent of entitlement.
- (i) General Stores—According to requirements for training.

III. *Implementation of the Equipment Policy*

1. In planning the equipment program the main factors which have constantly been kept in mind are:—

- (a) Efficiency of the Army;
- (b) Economy.

2. In connection with efficiency it is necessary first to attract the right type of men. In this connection the providing of the most modern equipment available is an important factor.

3. Further in connection with efficiency all stores and equipment held by the Army are being assigned a Life Index Figure. This figure indicates the state of obsolescence of each article. Developments are carefully watched on all equipments assigned a minus designation, and steps will be taken to eventually replace them with due regard to economy.

4. In connection with economy the following have been the governing factors:—

- (a) *Disposal of Surpluses* at rates consistent with the diminishing requirements of the Army.

Interesting examples of surpluses and disposals are—

(i) *Vehicle Surpluses*

Vehicle Disposals up to 1 April, 1946	15,955
To be disposed of by end of 1946	8,100
Total	24,055

(ii) *Comparison of Value of Holdings and Disposals*

	Approximate Value of Holdings	Approximate Value of Disposals	Percentage of Surpluses Declared to Date
General Stores	\$ 30,346,804	\$ 23,201,356	92%
Technical Stores ..	289,741,204	13,220,636	90%
Mechanization	189,198,889	49,620,016	80%
Stores (Includes vehicles and eng- ineer equipment and all relative spare parts)			
Total	\$ 509,286,897	\$ 86,042,008	

(b) Retention of Stores and equipment required for the Post-War Army.

(c) Acquisition of modern warlike stores required to ensure a high degree of efficiency in the Post-War Army. Much of this is now owned by the Canadian Government and can be obtained at no cost to the public though a book transfer of funds on reduced valuation approaching scrap values will be made between the Department of National Defence and the War Assets Corporation.

IV *Categorizing of Army Stores and Equipment*

Army Stores are classified briefly as follows:

(1) *General Stores*

(a) Clothing

(b) Camp and Barrack Equipment, also any expandable stores in that category.

(2) *Technical Stores*

(a) Ammunition.

(b) Small Arms and Guns.

(c) Radar and Telecommunication Equipment.

(d) Engineer Equipment.

(3) *Vehicles*

(a) Load carrying and passenger vehicles.

(b) Armoured Fighting Vehicles.

(4) *Mechanical Equipment*

Mobile and self propelled Engineer Equipment such as graders and other road machinery, equipment required for clearing snow, and so on.

It is my suggestion, subject to the wishes of the Committee, that discussions in regard to stores deal separately with the above categories. Those are all my preliminary remarks.

By Mr. Jackman:

Q. May I ask Colonel Denney what others of the heads of the services under M.G.O. would be concerned with declaring army equipment surplus? What other type must we bear in mind?—A. I have the responsibility within my directorate, subject to the direction of the general staff, of declaring any army stores in the classes I have mentioned surplus.

Q. But let us take an army camp that is useful for war but is not to be maintained under the peace-time establishment. Who looks after that?—A. As far as the Master General of the Ordnance is concerned he deals with stores, but I would suggest that things dealing with accommodation such as buildings come under the Quartermaster-General. If you have any questions with regard to buildings I am sure I can get the information from the department or branch of the Quartermaster-General.

Q. I take it that Colonel Denney will be responsible for answering any questions which we have in regard to any branch of the army, stores, equipment or camps, etc.?—A. Previous to coming before this committee I asked just what type of questions I would have to confine my answers to, and I understand I am to be asked questions chiefly in regard to the operation of army stores and disposals, but as to any other questions that the committee wishes to ask me I am directed that I shall do my best to find those answers for you in so far as you request questions outside of the branch of the Master General of the Ordnance.

Q. As to the Quartermaster-General, would you tell us very briefly and very generally what he has to do? Is your department confined pretty well to expendables, and equipment of a permanent nature comes under the Q.M.G.?—A. I have a brief classification of those which I would like to read, Mr. Chairman. I think it might clear up some of the difficulties. I should like to read to you a brief outline I prepared of the responsibilities—very condensed, of course—of the Master General of the Ordnance and Quartermaster-General.

The Master General of the Ordnance is responsible for (a) provision, storage and issuing of all clothing, barrack, camp and general stores, vehicles, technical stores and ammunition; (b) maintenance and preservation of all such stores; (c) inspection of ordnance stores held by units. That means army units. (d) dress and clothing regulations; (e) development, research, design and cataloguing of all such stores; (f) Administration of all Ordnance and Royal Canadian and Electrical and Mechanical Engineers' establishments.

The Quartermaster-General is responsible for (a) construction and maintenance of army establishments; (b) accommodation and fire protection; (c) provision of certain engineers' stores not provided by ordnance. I might qualify that by saying that is what we call static equipment such as stationary equipment for mixing materials required for construction, cement mixers and machines used for making road surfacing, etc.; (d) messing and provision of food, fuel, light, oil and gasoline; (e) transportation of military personnel by boat, rail and vehicle by either army transport or commercial companies; (f) army postal services; (g) veterinary services; (h) administration of the Royal Canadian Engineers, of the Royal Canadian Army Service Corps and Army Postal establishments.

The CHAIRMAN: Thank you.

By Mr. Jackman:

Q. May I ask Colonel Denney when he refers to 100 per cent of entitlement—and that is war entitlement, I presume—does that mean not only enough to

take a fighting unit into the battle line but enough to provide them with their immediate reserves and then the pool of reinforcements we hear about right down the line, or is it just enough to keep a battalion of 800 men, let us say, on the front for the moment without any reserves at all? What is embraced in entitlement?—A. Paragraph 3 of section 2, sub-heading (a), personal weapons, is the one under discussion, I think. Paragraph 3 deals with what each individual unit will be issued with. It does not deal with what is held anywhere other than the unit. That is another question, but in answering that question I would say that an adequate reserve will be held at the various levels to keep up these entitlements at 100 per cent if it were necessary in battle operation. That is, we take that as a requirement in the army. If you provide an active unit with 100 per cent equipment, or whatever equipment it is provided with, you must maintain that so you must have the necessary reserves at various levels to keep up that flow of equipment. It is not anticipated under peacetime training that the wastage rate on personal weapons would be very high.

By Mr. Stewart:

Q. The army is providing equipment for the post-war period, and the navy is doing the same on the basis of a three to five years inventory. Is that policy carried out in the army, too?—A. It would be very difficult for me to give you the provision scale or the number of years for all types of stores lumped together. I would prefer, if it were possible, to mention those under each type of store. To take general stores, which would include clothing, we hope to keep the level at about two years' requirements. In some items that have been in constant use we might not have two years' requirements at all times, but we would not reduce holdings by disposals beyond that point; i.e., in the case of general stores. We would not reduce holdings by disposals beyond two years' requirements.

Q. Before you go on, have you more than two years' requirements on hand now?—A. We have in some cases. We haven't declared it all surplus because you must remember that we have about 110,000 troops now that are on full time requirements on all authorized stores, so we have in some cases more than the two years' requirements. But, referring to my paragraph 4, sub-paragraph (a) disposal of surpluses are at rates consistent with the diminishing requirements of the army; so we are trying to keep our disposals at such a level that we will not be caught short and at the same time keep enough for the troop strength we have on hand.

Q. But in general your policy will be to declare surplus anything over two years.—A. That would be the policy for general stores.

Mr. CLEAVER: Mr. Chairman, may I ask the witness—

The CHAIRMAN: If you don't mind, Mr. Cleaver, may I just ask one further question in connection with clothing which I think it might be just as well to have on the record. What is the life of clothing in general terms; what do you figure the life of clothing?—A. Well, Mr. Chairman, we can figure that by the wastage, but even at that I might say that it varies greatly. If we were to take clothing issued, say to engineers on road construction on the northwest highway, they would go through it at a far higher rate than would be the case in reserve units or army personnel doing administrative duty, so to speak. The average life of clothing would be a very difficult proposition, but I can tell you that it varies. I can give it to you for the various types, for instance. I think in administrative duties a suit of clothing will last for a year, but in the case of a man working out on the northwest highway, or in the case of men on winter exercises, some clothing would probably only last a month or so.

Q. You have a rule, have you not, about general wastage?—A. I could read you what we calculate to be our wastage rate used in provision. Would you like to see that on each article, Mr. Chairman; because, as I say for instance,

just to give you an example, a pair of anklets will last a good deal longer than a bootlace, for instance; so in summing up the whole list of clothing you can hardly put a time on how long the whole kit is going to last a man, because after it has been used about a month a bootlace is worn out to a greater extent than the boot. I will give you the wastage that we use for provisioning on a number of articles. Would you like one or two examples?

Q. Just one or two, take uniforms for instance—tunic and slacks.—A. We separate them. Battledress blouses, serge—wastage—last twelve months; and trousers, eight months. Have you any other article in mind? Books, ankle—ten months.

Q. Take underwear?—A. Drawers—cotton shorts, six months; drawers, woollen, seven months.

Q. How about greatcoats? We allow thirty months for a great coat.

Mr. MCGREGOR: What is the wastage on construction work on the highway?

The WITNESS: As I said before the Ordnance wastage rate is an average. I would say that on rough work it will increase from two to three times, but that will be made up by administrative personnel who are sitting in the office doing clerical work, or who are doing ordinary guard duty. Theirs will probably last twice as long as the others. This represents the basis from which we calculate our wastage rate which is average consumption over a number of years.

The CHAIRMAN: Thank you very much. We want to get that on record should the matter arise in our later discussions in respect to economies, as to whether or not the two-year period you provide is ample for the purpose. I think the figures already quoted for that by Colonel Denney indicate that two years is a very reasonable period.

By Mr. McGregor:

Q. Would you say that you have an adequate supply for a two-year period in clothing?—A. As near as we can forecast, Mr. Chairman.

Q. All right, when you are selling that clothing, do you get its original value?—A. Mr. Chairman, I think it must be understood clearly that we declare our stores surplus through the proper channel to the War Assets Corporation, and when we do that we do not get anything for it. There is no credit entry for the army with respect to such declaration.

Q. The point I want to make is this, if you have a lot of clothes in stores, I do not suppose there is any question about deterioration during the period in which they are retained in store by you? For illustration let us take this ten per cent which you say has not yet been turned over to War Assets, would it not pay you to keep a greater supply of these than just sufficient for two years—A. I understand, Mr. Chairman, just what is required. We keep as much as we can in conformity with the accommodation that is available, and the two years is made up of a general figure that we have to meet according to the accommodation—space available to us.

Q. No consideration is given to the question of cost, they do not even know what they cost you when you turn them over to War Assets, or what War Assets get for them; that does not enter into the thing at all, that is not even considered?—A. In very few cases—I think I am correct, Mr. Chairman, when I say that in practically every case we give the exact cost as far as we know it to the War Assets Corporation; and, secondly, we also estimate what the present value is, so that there will not be any doubt in the minds of the people disposing of the stores as to what the army thinks they are worth at the present time.

Q. What I want to get at is this, is there any discussion between you and War Assets as to whether the low price which they get for them would have made holding that over for a three years supply instead of two desirable?—A. Mr. Chairman, we do not discuss it with War Assets. We do among ourselves, in

many cases right now we are holding stores because we feel that it will be an economy to hold them rather than to dispose of them, but we do not enter into any discussion with War Assets because they are not concerned with whether or not it is going to be economical for us to hold them.

By Mr. Stewart:

Q. What is the cost to outfit a man with boots, underwear, socks, battle dress, and so on?—A. Roughly \$150, but not for those items alone. I have a statement on that. If you like to discuss clothing, I think that about covers it, including the things the man has to carry like a clasp knife and mitts for winter, and providing him with overalls and so on. For the average man in the army the cost of clothing is about \$132.63, that is clothing; now, in addition to that there are miscellaneous items of special clothing that he would require if he had to go to hospital, or if he were required to go on a winter operation, or if he were required to go out on other operations, he would need certain protective clothing and that would bring the cost up another \$17.37; which gives you an approximate total of \$150 per man for clothing and special items of kit.

By Mr. Cleaver:

Q. Have you the details for the clothing which the army has declared surplus since V-J day?—A. By items?

Q. No, the overall figure?—A. The value?

Q. Yes, on clothing.—A. We have not broken it down since V-J day because the operation of declaring surpluses started before V-J day, but I can easily calculate that for you. Yes, the approximate value of disposals up-to-date for general stores is over \$23 million, but that started before V-J day. If you wish a breakdown on that I will be glad to get it for you.

Mr. McILRAITH: Is there any point in having a breakdown supplied?

Mr. CLEAVER: No, there is no need of that. I thought if the witness had it available it might be of interest.

The CHAIRMAN: He has already given you the figure of \$23 million.

By Mr. Bradette:

Q. A reserve force of six divisions, four independent armoured brigades, and so on; and I notice you go on and say, "And it is possible that we may not be able to enlist more than fifty per cent of the authorized establishment of this reserve force, we are planning only on a basis of supplying equipment for 90,000 troops during the initial stages of organization". Wasn't that statement a little bit pessimistic, or what is the purpose of making that statement?—A. Well, don't forget that in this figure I tried to give you the background for the equipment we have been asked to provide and the general situation based on the need for stores for 90,000 troops at the present time and in the initial stages of organization. Now then, just because a reserve force of six divisions, four independent armoured brigades, and selected corps and army troops for any army of two corps is planned, it does not appear that it would be economical to provide right at the moment for a complete army or six divisions, etc. That is the meaning of the statement.

Q. And supposing your army is away above the 90,000, are you going to be short?—A. Are you going to be, which?

Q. Are you going to be short of equipment?—A. I would say the we have sufficient surplus to carry on a complete training programme with any type of equipment for any quantity of enlistment envisaged by an army of that size. We will not be caught short on equipment for training.

By Mr. Cleaver:

Q. Have you the total amount of the contracts which are in force for the supply of clothing? The reason I ask that question is this, there is a terrific

demand for civilian clothing and I would like to know whether the army had cut down their existing contracts to the lowest possible point.—A. I think I can give you some information on that. I am informed that we haven't any new contracts for large quantities of clothing. There are certain small quantities of clothing like berets which are being brought into general wear because they were found to be very satisfactory overseas—in certain colours for airborne troops and so on; but there are not in existence today any war contracts for clothing. All war contracts for clothing have been cancelled.

Mr. JACKMAN: What do you mean by war contracts against ordinary contracts, we are just concerned with contracts.

The WITNESS: As I say, any small contracts now raised are purely for maintenance. We have practically two years requirements of clothing. We intend to dispose of it down to that. To clarify my statement there are some articles that are expendable at a fast rate, and I mentioned berets. The war contracts were for large items, items which are consumed at a rather rapid rate; such as boots, battle dress, underwear. There are in existence today no contracts for these items. But if you wish a detailed statement as to all the small contracts which are out now for miscellaneous items of clothing and so on, we can provide it.

Mr. CLEAVER: I am not asking for it. I just wanted to make sure that the bulk of the army contracts for clothing had been cancelled so that the clothing manufacturers can now turn over to meet civilian demands.

The WITNESS: The interesting thing with regard to that, is that cancellations of contracts for army clothing amounted to \$1,802,834. That is just for clothing. But for general stores the total value of cancellation of contracts since V-E day were \$6,164,030.04.

Mr. MICHAUD: Does that include everything?

The WITNESS: I will read you the categories in each case of general stores: unit clothing, boots, great coats—it includes all items of personal clothing, and equipment, films and tools, machinery, oils, paints, cleansing materials, barracks stores, ironmongery and metals.

Q. In your dealings with War Assets Corporation are they taking delivery for the Corporation immediately or is a large amount of the equipment held by you for them at the present time?—A. I could give you the exact figures of the square feet covered by stores we are now holding which have not yet been removed by War Assets but have been declared to them as surplus for disposal.

Mr. JACKMAN: Why not give it in cubic feet?

The WITNESS: We only have it in square feet, I could give it to you in that form if you want it.

The CHAIRMAN: Your purpose was to inquire as to whether War Assets were in a position to take over surpluses as fast as they were declared?

Mr. BRADETTE: Yes. It is more a question of space.

The WITNESS: They are not able to take over all of our declarations, Mr. Chairman; and as a matter of fact we have large stocks now waiting removal or sale by War Assets.

Mr. BRADETTE: Is there any deterioration on account of that delay?

The WITNESS: According to the regulations with regard to surpluses declared to War Assets, the Royal Canadian Ordnance Corps are the custodians of these stores until they are removed from the premises either by sale or removal by War Assets. They receive exactly the same attention as though they were stores being kept for army use.

Mr. PROBE: But after they have been declared surplus, that is the main question.

The WITNESS: Yes, the ones I am talking about are stores that we have declared to War Assets which have not yet been removed.

By Mr. Jackman:

Q. Of the \$86,000,000 which you have declared surplus how much is still in your custody, how much has not been taken over by War Assets?—A. The value?

Q. Yes, do you have it there?—A. You really can't add up these percentages, but I would say roughly there is about ten per cent.

By Mr. Cleaver:

Q. I suppose in so far as possible deliveries are made direct from stores to purchasers?—A. Would you repeat that question?

Q. I assume that in order to save needless expense and loss that wherever possible delivery is made direct on the instructions of War Assets from your place of storage to the purchaser?—A. In most cases, Mr. Chairman, I would say that we are not interested in how War Assets disposes of them. The purchaser as a rule would remove the stores, if there is any appreciable quantity, from the warehouse where the stores were held.

Q. There would be no object in a dual transfer.

Mr. BRADETTE: Mr. Berry said they were very short of storage facilities.

By Mr. Jackman:

Q. If \$86,000,000 is the approximate value the total of the percentage figure would not be right.—A. You can't add them up.

Q. To find out how much is still in your custody. I want to find out first, if you have declared \$86,000,000 surplus, how much remains in your custody not taken over by War Assets?—A. I don't know. Would you leave that question until a little later? I think the officers here can get the information; if not, I will have it produced the next time I appear before you. As I say, you cannot add up the percentages in the right hand column. Really, Mr. Chairman, I think the question is, what is the value of the surplus stores, and the stores now held by the army which will eventually be declared surplus for disposal by War Assets?

Q. We should like to know the amount which has already been declared surplus and also the amount which is likely still to be declared surplus?—A. That is it.

Q. Now, of the amount declared surplus how much is still in your official custody—in your hands, not in the possession of War Assets because they have not taken it over?

The CHAIRMAN: I think the answer was that ten per cent was still on hand, still held.

Mr. JACKMAN: That is one phase of the question I have in my mind.

The WITNESS: I believe there are two questions before me, but I wonder if I might have a little clarification as to just what they are before I go into some figures.

Mr. JACKMAN: We are endeavouring to find out the efficiency of War Assets in disposals, how long it takes them to get rid of these things after they have been declared surplus.

The WITNESS: The real question then is you want to know the value of the stores that have been declared to War Assets?

Mr. McILRAITH: Declared, but not removed.

Mr. BRADETTE: That remain in your custody.

Mr. CLEAVER: And what period of time has elapsed since the declaration of surplus, if they were declared surplus yesterday you could hardly expect them to have removed it.

The CHAIRMAN: Gentlemen, what is the question before the committee at the moment?

Mr. CLEAVER: This is just an aside between us here.

The WITNESS: Mr. Chairman, we were talking about general stores. I have not the figures for vehicles. We have the quantities but not the values. But I have the value of general stores held in ordnance buildings at the present time. There are stores which have been declared surplus to War Assets but as yet have not been removed by War Assets amounting to \$7,533,478.99.

Mr. CLEAVER: Could you tell us how long a period of time has elapsed between the time they were declared surplus and the time you use in calculating this percentage; has it been a year, or a day, or a month?

The WITNESS: Mr. Chairman, the time varies; I would say in some cases some of these stores have been there well on for a year; in other cases they would include stores that were declared yesterday.

The CHAIRMAN: Anyway, it all depends on the demand.

Mr. JACKMAN: On the efficiency of War Assets.

The WITNESS: However, I will point out that we are the custodians of these stores whether we like it or not, and we would like to get them removed but we are obliged to hold them.

Mr. BRADETTE: Will the Colonel be in a position to say in a general way what type of equipment they retain in custody; would it be something heavy or unwieldy, something not readily saleable on the market or something of that kind.

The WITNESS: In dealing with the value and quantity of general stores held we mentioned that \$7,000,000. I was not referring to vehicles, I just referred to general stores value at \$7,000,000 plus.

By Mr. Jackman:

Q. Then it was really \$7,500,000; half of the total surplus declared was general stores. This is not the whole section. The \$7,000,000 relates to what total there, is it the \$23,000,000?—A. That is the \$23,000,000 shown on the second page of my introductory remarks. I believe there was a question asked, Mr. Chairman; will you please clarify what kind of stores you had in mind when you spoke about those being retained? Did you mean those that were retained?

Q. Yes.—A. I have a list of them by all districts throughout the country, and they are all slow moving items, such things as are not readily saleable; for example, anti-gas equipment.

Mr. BRADETTE: That is what I thought.

The WITNESS: But there are items that are saleable, but they have not been declared for any great length of time. Such things as webb equipment, that includes belts and the various other items. These are not readily saleable and there are large quantities. Does that answer the question?

The CHAIRMAN: That clears the point raised by Mr. Bradette.

By Mr. Michaud:

Q. Before we leave the figures on the middle of page two, I should like to clear up these percentage figures. For instance, taking the third of the items in the total of mechanization stores, eighty per cent; does that mean that you have declared surplus about eighty per cent, and that what you have surplus amounts to \$49,620.016; what relation has the eighty per cent to that figure, is that the amount it was intended to have declared surplus?—A. This is eighty per cent of the surplus stores which will eventually be declared surplus.

Q. In other words, when it is declared surplus to the extent of one hundred per cent it will bring the total figures up to the \$49,000,000?—A. One-quarter more than is there, because it is four-fifths.

Q. And the difference between this total and the \$189,000,000 will be what will be retained?—A. No. Pardon me, Mr. Chairman, that is the value of the stock in the country at the present time, and, as I say, some of this stock is declared to War Assets. That is not the value of everything that we intend to hold. It would not be quite that high. That is the total value of the stock in ordnance depots.

Mr. McILRAITH: You used the term "value"; I take it you mean "cost".

The WITNESS: When I say value I refer to the manufacturers cost as we get it from the Department of Reconstruction and Supply.

By Mr. Cleaver:

Q. May I put the question in another form for clarification: In taking this amount of \$189,000,000, mechanization stores, does this item include any mechanization stores which you have already declared as surplus?—A. Which we have declared—?

Q. Already declared surplus—A. Which we have declared surplus and which have not been removed from ordnance property.

Q. It includes what you already had, includes all stores that you held including what you had declared surplus and as to which no delivery has been taken by War Assets or the purchasers?—A. That is correct, Mr. Chairman, as far as I can calculate it; but it will not be quite true in another month's time because the figures will have changed. The only way we can get that value is to take the stock and figure out what it is worth. We could separate it by type but by the time we did that there would probably be some of the vehicles removed, so we count the stock, but not by type. Now, there is another point that should be remembered there. On no occasion do we purchase back from War Assets anything we have declared because we always have the right to amend the declaration.

By Mr. Stewart:

Q. Before it is disposed of by War Assets?—A. Yes.

By Mr. Bradette:

Q. And you have that in your custody?—A. Yes. Therefore we consider that it is still stock in the ordnance depot, and it would be a charge against the army because even though it is declared to War Assets it is still there.

Mr. PROBE: In that connection, Mr. Chairman, as you likely recall, there was considerable criticism expressed in this committee of the fact that vehicles were sitting around all over the country in vacant lots, and so on, in considerable numbers. I believe that this would be a good time to get Colonel Denney's reaction on that and his opinion as to whether those are being held for the service or whether those have already for the most part been declared surplus to War Assets and they have not yet taken delivery?

Mr. BRADETTE: On the same question, I know that the public at large are interested about these vehicles. I believe the question is a good one and should be answered.

The WITNESS: With regard to vehicles that private citizens see throughout the country I might make this statement. Generally speaking vehicles are stored in outside vehicle compounds. That means practically all vehicles with a few exceptions. Therefore it is not right to conclude that these vehicles belong either to War Assets or to Ordnance because it would have to have it specified, but I can give you the total vehicles at the present time that are in Ordnance compounds and have not yet been removed by War Assets even

though they have been declared to them. Declared to War Assets but not removed from Ordnance compounds, outside storage, there are 1,975 as of 1st of April, 1946.

By Mr. McGregor:

Q. Is that trucks?—A. It includes every kind of vehicle.

By Mr. Bradette:

Q. Most of them not fit for civilian use? A lot of them will not be?—A. I would not like to try to make a comment with regard to the fitness of those vehicles for civilian use because some of them will be and some of them will not. The object, as far as the army is concerned, is to retain the most modern equipment and also that which is in the best mechanical condition, but it does not mean that vehicles which are declared to War Assets are worn out because many of them are in good mechanical condition but others are not.

Mr. PROBE: Colonel Denney would not be prepared to indicate to us where those are? Can he tell us what parts of the country they may be found in?

The CHAIRMAN: I think so, by districts.

Mr. PROBE: Yes, by districts.

The WITNESS: That total of 1,975 is distributed as follows: Military District No. 1, 374; District No. 2, 134; District No. 3, 51. District No. 4 is broken into two parts, those at Montreal and those at Longue Point. Longue Point is near Montreal. There are 97 at Montreal and 516 at Longue Point. District No. 5, 121; District No. 6, those at Halifax 17, those at Debert, 247; District No. 7, those at Coldbrook, 49, and those at Sussex, 151.

By the Chairman:

Q. Sussex is in district 6 or 7?—A. Sussex is in No. 7 district. District No. 10, none; District No. 11, none; District No. 12, nothing; District No. 13, nothing. Separate to that at Camp Borden, which is another category and is treated as a separate district, there are 218. That makes up your total.

By Mr. Cleaver:

Q. As a supplementary question, could the witness tell us how many more vehicles will be declared surplus to bring down your total number to the 10 per cent of entitlement referred to under paragraph 2, sub-paragraph 3(e)?—A. I do not quite understand that question.

Q. You plan to hold 10 per cent of entitlement, referred to on page 1 of your presentation. That is paragraph 2, sub-paragraph 3(e).

Mr. BRADETTE: That is load carrying vehicles.

The WITNESS: Mr. Chairman, I should like to clarify that and say that it refers to the reserve army only. Our holdings are not only for the reserve army but for the active force as well.

Q. What percentage of entitlement do you intend to hold for your active forces?—A. It is 100 per cent. That is stated in section 2, paragraph 2.

"It is planned to equip the active force to 100 per cent of entitlement of all stores, including weapons and vehicles."

Q. Now, when you will have your trucks on hand down to 100 per cent for active and to 10 per cent for reserve how many trucks will that mean you will be still declaring surplus?—A. I should like a clarification of that word "trucks" because all the way through I have been confining my remarks to vehicles. That includes everything from a motorcycle to a tank transporter.

Q. I will amend my question to vehicles then?—A. Well, those are the vehicles to be declared surplus by districts. I might say here that originally we declared vehicles surplus for Canada as a whole, but it was too difficult for

War Assets to handle them so that we now declare them by districts or areas. These figures represent the total number of vehicles that we anticipate will be declared subject to general staff reservations that might be announced in the meantime. Military District No. 1, London, Ontario, 49—this is all M.D. 1—New Sarum, Ontario, which is the airport there where we store vehicles, 1,522. Central Mechanization Depot at London, 1,396. M.D. 2, none; M.D. 3, Kingston, Ontario, 17; Petawawa, 51. M.D. 4, nothing; M.D. 5, nothing; M.D. 6, Halifax, 71; Debert, 342. Winnipeg is M.D. 10. Winnipeg, 44.

By the Chairman:

Q. Nothing in 7 or 8?—A. Nothing in 7, Mr. Chairman. To get back to M.D. 10, Winnipeg, 44; Shilo, 141. M.D. 11, Vancouver, 178; Esquimalt, 35; Nanaimo, 13; Vernon, 265. M.D. 12, Regina, 12; Dundurn, 50. Military District No. 13, 69. Camp Borden, nothing. The total should be 4,225.

By Mr. Cleaver:

Q. As a supplementary question, you have very heavy holdings—A. Excuse me, Mr. Chairman, that should be 4,255.

Q. You have very heavy holdings at London and New Sarum totalling well over 3,000 vehicles. Is there any reason why you should not get together and get rid of those vehicles you do not need? The consumers are very urgently in need of them.—A. The vehicles there include all types of vehicles that have to be sorted out, and to declare those to War Assets requires first of all the classification of the vehicles into categories laid down by War Assets and inspection by mechanical engineers so that people do not buy vehicles that are considered to be in running order and find them to be old crocks. So that you cannot just go ahead and declare them. Further than that we have declared vehicles to an extent that it is faster than War Assets can dispose of them, and that governs our speed. We are having teams go around to the military districts rather than concentrate on those vehicles there because they are not of the types that would be most suitable and they are not so readily accessible to the public. Therefore the men who are inspecting these vehicles are now engaged in doing it in the military districts rather than in the ordnance depot.

Q. I call your attention to the fact that at London very few of those that have been declared surplus are still unsold. You have a terrific quantity on hand which you intend to sell and have not yet declared surplus. For instance, I have four different growers in my riding who are urgently in need of Bren gun carriers in connection with spray work, and so on. You declared a number of them surplus and they were immediately taken up, but you still have a quantity up there. If they are not going to be needed then why not declared them surplus and let the growers have them?—A. I am speaking from memory but we did dispose of 1,000.

Q. Yes, you did.—A. Yes, Universal carriers or so called Bren carriers there. Now, Mr. Chairman, I did not really get to the end of my short statement about our proposed holdings and what the surpluses would be. I said we had another 4,000 odd to declare. There is also plus the possibility of another 2,000 still to be considered for surplus declaration by the general staff. You see, the Master General of the Ordnance cannot instruct me to go ahead and declare any surplus until he gets a ruling with regard to what army policy is going to be, and you cannot freeze that policy on the spot. It is fluid. Therefore, when I say there are 4,000 odd to be declared surplus there may possibly be another 2,000. At the present time there might be types where the general staff will retract and say, "We want to hold a few more of those." Therefore, we cannot go right ahead and throw them all on the market at once.

Mr. BRADETTE: From the information the jeeps and trucks—

The CHAIRMAN: Would you allow Colonel Denney to complete his answer, please?

The WITNESS: You wanted to know why we had not got rid of all vehicles at New Sarum. I think that was the question?

By Mr. Cleaver:

Q. And at London?—A. And in London.

Q. You have very heavy holdings there, you see. It runs over 3,000.—A. Of course, the supply for the country is concentrated there and as I say we have already declared a good many of those vehicles to War Assets and they have not yet sold them.

Q. There are only 300 and some odd unsold?—A. That is right, 374. They have not disposed of those and we will not run out of disposals down there.

Q. You have been out for three weeks past on universal carriers, and the growers are just pestering the life out of me to get them.—A. I am informed that War Assets at the present time have about 200 universal carriers to sell which we have declared, but I might mention in this connection that there is cooperation in trying to dispose of vehicles of which we will likely have a surplus in this way, that we do get requests for special disposals for a purpose, we will say. In the case of anybody who has asked us for a special vehicle for a special purpose—and we will take it it is a universal carrier—if they have written in through the right channels and it has landed up in our office, we check on the holdings in that particular part of Canada and if possible we have replied that we have declared this date a number of such vehicles of that kind to War Assets, and by contacting them they can most likely purchase them, but we cannot govern what War Assets will do with regard to sales because people might not be prepared to pay the price. Nevertheless if any one particular individual has a use for a universal carrier I believe it could be made available to him from War Assets stock today because, as I say, they have 200 universal carriers to sell today.

By Mr. Probe:

Q. May I ask Colonel Denney this question? Has the army itself made any concentration of vehicles prior to declaring them surplus to War Assets by moving them from one military district to another? For example, I see in military districts 10, 11, 12 and 13 there were no surplus vehicles as of April 1 and a few expected. Has there been a movement of vehicles out of one military district into another before they were declared surplus?—A. In answering that question we would have to go back before the close of hostilities because it was evident back at the beginning of 1944 that certain vehicles would become surplus for various reasons, and it was the policy prior to declaring vehicles by districts to have them concentrated in certain places. The only place that I can recall since my return to Canada is at New Sarum where we did concentrate vehicles. At one time 1,000 universal carriers and some other vehicles were concentrated there and large sales were made there through the sales organizations of the motor car companies. War Assets utilized them.

Q. Were they concentrated from all over Canada?—A. I cannot tell you from how far away those carriers came. I do not know if there is anyone here knows that. If you have any specific instance of any particular type of vehicle we might be able to trace it because every vehicle has a National Defence number on it. It is pretty hard for me to say off-hand, but I know that the surplus of carriers was concentrated in New Sarum and disposed of there.

By Mr. Bradette:

Q. If I understood correctly War Assets Corporation through the army had no difficulty in getting jeeps and trucks but possibly they were left out on something less wieldy or less saleable? I believe that is what I gathered from Colonel Denney. Am I correct in that statement?—A. I would state that

vehicles of a load carrying type in mechanically good condition are very readily saleable, but there are a great many other types of vehicles such as gun tractors and field artillery tractors that are not so readily saleable which might have some commercial application with considerable modification of the vehicle. That might account in many cases for the vehicles that we hold that have not been sold.

By Mr. Probe:

Q. The witness has stated that some 6,000 vehicles were in sight here in Canada for disposal, and he suggested at the same time in his brief that 8,100 vehicles were to be disposed of by the end of 1946. I should like to ask him if some of the vehicles to which he refers in that 8,100 are elsewhere than in Canada, or are those entirely Canadian holdings?—A. I would say that with the exception of less than 100 vehicles, approximately, all those vehicles are in Canada.

The CHAIRMAN: Colonel Denney, I think it would be helpful to the committee at a later date in arriving at a decision as to whether you are carrying sufficient numbers or too many to have on record as to vehicles your pre-war requirements, your requirements during the war and your post-war requirements as you have them listed at the present time. I think that might be helpful.

The WITNESS: May I just state the total quantities of all vehicles lumped together?

The CHAIRMAN: Yes, vehicles. I think perhaps you could enlarge on that if you would by dealing with certain types that are considered standard equipment in peace time.

The WITNESS: Mr. Chairman, we have that information in round figures, but I wanted to add something to that other question. I will answer your question first. Pre-war holdings were approximately 600 vehicles; during the war, not including vehicles that were to be shipped out of the country, in other words, those actually held in this country, 35,000; post-war requirements, approximately 23,000. Now, with regard to continuing on the previous question—

The CHAIRMAN: I am going to come back to the other after you give this answer.

The WITNESS: With regard to the speed of declaration I might add that everything is being done to dispose of these vehicles in conformity with (a) the shrinking requirements of the army due to demobilization and (b) general staff policy decisions. Our crews have not yet covered Western Canada, but starting early in May and concluding by the end of May approximately 900 vehicles will be made available during this period for Manitoba, Saskatchewan, Alberta and British Columbia.

The CHAIRMAN: May I ask you to break down your pre-war item of 600 odd showing the types? Then you can pass over what might be termed the war vehicles and deal with the next item, post-war vehicles, 23,000, in the same way.

The WITNESS: You want the categorization?

Mr. JACKMAN: It would take quite an amount of work to find out what they used the 600 and some odd for. Now we have a mechanized war as against a foot war in the old days.

The CHAIRMAN: I think if they give us the types it will be helpful.

Mr. JACKMAN: What relation has a mechanized war to a foot war? It seems to be a waste of time to ask him to do that unless you have something else in mind. There is no relation between what the army required in the way of vehicles in 1939 and in 1946.

The CHAIRMAN: I said I did not want to deal with that period from 1939 to 1946. I asked for the first and third items, namely the pre-war and the post-war requirements.

Mr. JACKMAN: I thought you wanted it for the 600 vehicles before the war?

The CHAIRMAN: That is right.

Mr. JACKMAN: They were all staff cars or something like that.

The CHAIRMAN: That is what we want to find out and then make a comparison as to their future uses.

The WITNESS: You want a categorization of the vehicles post-war and pre-war?

The CHAIRMAN: Right.

By Mr. Jackman:

Q. May I ask Colonel Denney one question before we adjourn? It is in regard to building up reserves of clothing and other equipment for the prescribed period of two years. Under the active army are there any orders to acquire those stores? In other words, are you deficient in certain requirements and are you trying to fill those requirements at the present time?—A. I do not quite understand the question.

Q. Well, you have an objective in the way of reserves for two years, let us say.—A. You are referring to general stores and clothing?

Q. Yes, and anything else that comes under your department. If you have a sufficient quantity available from war surplus why that would seem to be satisfactory but, if you have an objective, while money is still not too difficult to get are you endeavouring to continue contracts or to place new contracts in order to arrive at the objective of two years surplus?—A. Wherever we have a known shortage of what our requirements might be contracts have already been placed for those stores.

Q. Even for the two year surplus, the two year reserve?—A. Up to what we would consider the required reserve, and it would not be beyond two years.

Q. The reason I think the question is important is that, as one of the members pointed out, civilian demand is very much in excess of production, including the refitting of veterans, and if the army, because it is not too hard to get an appropriation through just now, is endeavouring to build up stocks which they have not got by placing active contracts it would mean that there will be some entrenching on civilian requirements. Therefore I am asking you whether or not you have active contracts to build up a surplus, to build up a bank of material?—A. The chief requirements as to civilian needs at the present time are in the woollen industry, the textile industry, and the leather industry. I think I can safely say we have sufficient stores in those categories and we have not placed any contracts, but there are certain consumable stores like paint, spare parts for vehicles, of which we do not hold sufficient, and while we can get them on the market we are taking the necessary action to get them. If I can just make a general statement it is my feeling that any contracts placed by the army would not interfere with civilian requirements at all.

Q. Take, for example, paint. If you have enough paint to carry on and prevent too much wear and tear on your equipment it would not seem right to me that you should be placing orders to acquire paint which you might not use for twelve or twenty-four months. What are the facts as to the example of paint which you gave us?—A. You see I mentioned before that the two years figure was a figure down to which we would dispose. We would not dispose of stores beyond what we would consider two years requirements. Now then, when you get beyond that you are getting into the provision system, which I do not want to get into a discussion about with you. We have a provision figure which takes into consideration the time which is required to deliver those stores from

the factory. For general and consumable stores and clothing it is approximately nine months, if I can lump those all together. Therefore, in putting our normal provision figure into operation for clothing today we would not build our stock of particular item or items beyond nine months requirements because on the average it would take that long again to get them when we found a shortage.

Mr. PROBE: Before we adjourn I should like to have Colonel Denney present either today or at the next meeting a break-down of the types of the 1,975 vehicles which are presently held by them on behalf of War Assets, and secondly to bring us figures next day to show the holdings and disposals of the Q.M.G.'s branch thus far, and any other army supply agency which may not have been covered by either Ordnance or the Quartermaster-General.

The CHAIRMAN: Thank you very much, Mr. Probe. We will get that.

By Mr. Jackman:

Q. I am not sure of the answer on the paint question, but we can leave it over. If you have not got a two years supply of paint on hand are you endeavouring to build it up not just for nine months but for eighteen months?—A. According to the time it takes to supply it, and I would say as to paint that I am informed that roughly our provision figure is a nine month stock requirement.

Q. You have not got more than that just now?—A. I do not know about paint. I do not know why we hit on that one. Unfortunately I mentioned paint, but we have not bought any right now except some type we might want where somebody comes along and wants some kind of paint we have not got, but it would not be purchased beyond nine months requirement, if that is the figure for the production of paint.

Q. But you are endeavouring to build up all supplies wherever possible to the two years surplus?—A. No, that is a misunderstanding. If I gave that impression to the committee I should like to correct it. We do not build up our stocks to the level of the period that we use as a guide for declarations of surpluses. We declare down to a certain level, and I said two years for general stores. When we purchase stores we purchase them in accordance with the regular provision system which will allow us to hold enough stock for a given period. If we require more we can go to the manufacturer so we will not run out. I say for paint it would be about nine months stock we would build up.

Mr. MCGREGOR: Would you give us a report on paint, how much paint you have in store and where it is? I have a reason for asking that question.

The CHAIRMAN: Gentlemen, it is one o'clock.

The WITNESS: Before you go there is something I want to clarify here, Mr. Chairman. I was asked to provide a break-down of the 1,975 vehicles. That will not be the total when I bring it here at the next meeting, but it was that figure as of the 1st of April. It will be either up or down from that figure.

Mr. PROBE: May we have a comparative break-down within ten vehicles either way?

The CHAIRMAN: Thank you, gentlemen. The meeting stands adjourned at the call of the chair, which will likely be within ten days or two weeks.

The committee adjourned at 1.05 p.m. to meet again at the call of the chair.

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HOUSE OF COMMONS

(SPECIAL COMMITTEE

ON

WAR EXPENDITURES AND ECONOMIES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 7

THURSDAY, MAY 2, 1946

WITNESS:

Colonel William Gordon Denney, O.B.E., Director of Ordnance Services
(Provision), Branch of the M.G.O.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1946



MINUTES OF PROCEEDINGS

TUESDAY, May 2, 1946.

The Special Committee on War Expenditures and Economies met at 11.00 a.m., the Chairman, Mr. Isnor, presiding.

Members present: Messrs. Benidickson, Black (*Cumberland*), Bradette, Cote (*Verdun*), Golding, Homuth, Isnor, Lalonde, Macdonnell, Marier, Marquis, McGregor, McLraith, Michaud, Probe, Reid, Shaw, Stewart (*Winnipeg N.*), Winkler.

In attendance: Colonel William Gordon Denney, O.B.E., Director of Ordnance Services (Provision), Branch of the M.G.O.; Air Commodore R. A. London, Director of Equipment Supply, R.C.A.F.; Messrs. H. R. Low and J. S. Irvin, Assistants to the President, War Assets Corporation.

Mr. McLraith filed, for distribution to members of the Committee, a two page statement on the "Policy of War Assets Corporation for time payments on sales of lands and buildings" to be added to the brief submitted on behalf of Mr. Berry on April 16th.

Colonel Denney was recalled. He gave answers to questions asked at the last meeting and was examined thereon. The following statements were also produced by the witness in reply to a question asked by Mr. Probe, as recorded on page 161 of the Minutes of Evidence, viz:—

(a) Summary of properties (Real Estate) disposed of by the Department of National Defence (Army), Branch of the Quartermaster General, from 8th May, 1945, to 31st March, 1946;

(b) Medical and Dental holdings and disposals (Adjutant General's Branch);

(c) Holdings and disposals by R.C.E. and R.C.A.S.C. (Quartermaster General's Branch).

At 12.45 p.m., witness retired and the Committee adjourned until Tuesday, May 7th, at 11.00 a.m.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

May 2, 1946.

The Special Committee on War Expenditures and Economies met this day at 11.00 o'clock a.m. The Chairman, Mr. Gordon B. Isnor, presided.

The CHAIRMAN: I was hoping that Mr. Jackman would be present at the opening of the meeting as the first question on our list covered certain information required by him. I think in fairness to him that we had better lay that aside for the time being.

Gentlemen, this being the first meeting after Easter I wish to welcome you back and hope you have had an opportunity of reading the brief as tabled by Mr. McIlraith on behalf of the War Assets Corporation. I took the trouble of reading this on the train, and there is a lot of information that I think will be helpful to you in later discussion, particularly in dealing with our recommendations or report to parliament. I understand that Mr. McIlraith has a further supplementary report to table.

Mr. McILRAITH: It is just an additional page to the previous report.

The CHAIRMAN: We will consider this as tabled to be included in the minutes when Mr. Berry appears before the committee as a witness. I wish to give notice, gentlemen, to the members of the steering committee that there will be a meeting of that committee to-morrow, Friday, at 2.15 p.m. Will you kindly take note of that?

Mr. STEWART: In this room?

The CHAIRMAN: In this room.

COLONEL WILLIAM GORDON DENNEY, recalled.

The CHAIRMAN: If it is your pleasure, gentlemen, we will ask Colonel Denney to continue. If you will recall he had supplied information at our last meeting of Tuesday, April 16, in reference to disposal and the manner in which they looked after the surpluses of his particular branch. He is first of all going to table the answers to the questions which were placed before him at that meeting.

The WITNESS: Mr. Chairman and gentlemen: The next question after the one we are deferring on paint is the one with regard to a comparative statement of vehicle holdings prior to the first of September, 1939, and vehicles required for the post-war army. I will read you the statement under broad classifications for the various types of vehicles, armoured fighting vehicles, etc.

By the Chairman:

Q. Just before you proceed, Colonel Denney, are you giving the post-war, or the pre-war and the post-war?—A. I am giving the pre-war holdings and the post-war holdings.

Q. Thank you.—A. Armoured fighting vehicles, pre-war holdings, 2; post-war requirements, 337.

By Mr. Stewart:

Q. May I interrupt there? You say "requirements". Is that different from what you have on hand?—A. Requirements are in the majority of cases what we have on hand. As you know, we have in some cases more on hand

than we will actually require until all the vehicles that are surplus are finally declared to War Assets through the proper channels.

Q. You may have more in hand than the 337?—A. In that particular case I do not know the exact number of armoured fighting vehicles we have on hand at the present time because we hope to acquire some more modern ones, but we will eventually have 337 armoured fighting vehicles.

By Mr. Benidickson:

Q. That last figure is more or less the post-war establishment?—A. that may be called the post-war establishment. I called it the post-war requirements. You remember there were three classifications in regard to holdings of vehicles that were under discussion the other day, pre-war, present and post-war. I believe we agreed to omit the present as far as this comparison was concerned because present holdings are quite fluid and change from day to day depending upon disposals. May I proceed, Mr. Chairman?

The CHAIRMAN: Proceed.

The WITNESS: Getting back again to the classifications, armoured fighting vehicles, pre-war, 2; post-war, 337. Tanks, pre-war, 16; post-war 534. Self propelled guns, pre-war, none; post-war, 175. Carriers, armoured, pre-war, none; post-war, 52. Carriers universal, pre-war, 12; post-war, 1,669. Motor-cycles, pre-war, 33; post-war 2,878. Personnel carriers, pre-war, 93; post-war, 4,133. Load carriers, pre-war, 173; post-war, 7,011. Machinery vehicles, pre-war, none; post-war, 888. Wireless and signal vehicles, pre-war, none; post-war, 983. Technical vehicles, pre-war, 5; post-war, 838. Amphibious vehicles, pre-war, none; post-war, 26. Tractors, pre-war, 44; post-war, 1,416. Transporters, pre-war, none; post-war, 73. Trailers—load carriers, pre-war, 10; post-war 1,675. Trailers—machinery, pre-war, 1; post-war, 494. Trailers, signal and technical, pre-war, 12; post-war, 721. Total holdings, pre-war, 401; post-war, 23,903.

Mr. Chairman, I could table this statement.

The CHAIRMAN: Are there any questions arising out of that statement?

By Mr. Reid:

Q. What do you mean by 4,133 personnel carriers? What are they principally used for?—A. That would include vehicles that were specifically designed for passenger use. It would include ordinary passenger cars, station wagons, buses, etc.

By Mr. Stewart:

Q. Granting the fluidity of the position can Colonel Denney give us any idea at all as to what number of vehicles are on hand at any given time?—A. I can tell you the number of vehicles that we actually have on hand as of the first of May, 1946.

The CHAIRMAN: Did you mean under each of these classifications?

Mr. STEWART: Under each of these classifications.

The WITNESS: As far as present holdings are concerned we did not classify them because it was specifically left out of the question at the last meeting, but I can give you the total holdings of all vehicles as of the 30th of April. It should not have said the first of May. It is as of the 30th of April. The total is 30,459, all classes of vehicles.

By Mr. Reid:

Q. In the list of 23,903, total holdings, are there any pre-war vehicles being held in that number?—A. We have not any pre-war vehicles in the total of 23,000 odd vehicles.

Q. As to the amphibious machines, 26 in number, where are they? Are they on the Atlantic or the Pacific?—A. With regard to the amphibious vehicles, they are not yet in the possession of the army.

Q. Then why are you giving them in the total of the holdings you have now?—A. Correction, please, Mr. Chairman, because I did not state holdings, but vehicle requirements.

Q. I beg your pardon, I thought they were all holdings.—A. I am sorry if I gave you that impression.

Q. May I ask Colonel Denney what the 1,416 tractors would be required for in the army? I ask that in view of the fact you have great numbers of other classes of machinery and vehicles.—A. The subject of tractors, Mr. Chairman, requires a certain amount of clarification. It includes not only the ordinary tractor which forms just a small part of the total but gun tractors and towing vehicles of all types; vehicles designed to tow a tank transporter or any other type of trailer would be classified in the army as tractors.

Q. Would you mind explaining what a transporter is? I see you have 73 transporters. What are they?—A. Transporters are chiefly transporters used for transporting or moving tanks or armoured fighting vehicles equipped with tracks. Over long haulages the tracks might become damaged if we did not use transporters. The same might be true in the case of a piece of technical equipment. It could be put on a transporter and moved for a considerable distance.

By Mr. Stewart:

Q. We are given the total figure of 23,903 for requirements. Obviously those are not all on hand yet. Some are apparently on order. We are also given the figure of 30,459 vehicles of all types on hand. That is a surplus of some 6,500. Those will be declared surplus, and probably more than that? Is that so? The difference between your requirements and that which is on hand is the minimum surplus to be declared? Is that right?—A. I believe that brings up the other question that I was asked to prepare for today, namely, the breakdown of the vehicles declared to War Assets but not yet removed from ordnance compounds. Does that answer the question?

Q. Not quite. You said you have 30,459 vehicles on hand and your requirements are approximately 24,000. I am asking does that mean that 6,500 approximately will be declared surplus in the future?—A. Before we go on with the breakdown of the surplus declared to War Assets we can give you the total figures. Our surplus at the present time, as near as we can calculate, is 6,230; declared to War Assets but not yet removed from ordnance compounds, 4,104, and subtracting, to be declared, 2,126.

By Mr. McGregor:

Q. Have you got a breakdown of what those are that have been declared to War Assets but not yet taken?—A. That is the next question, Mr. Chairman.

The CHAIRMAN: Are there any other questions arising out of the first answer? If not, we will proceed to the next question.

By Mr. Benidickson:

Q. There is just this question. When you describe pre-war holdings does that mean equipment situated in Canada and excluding equipment overseas?—A. As far as I know that equipment was all in Canada. I think we ought to draw attention to the fact here that when we were asked to give in round figures the pre-war holdings and post-war requirements at the last meeting I mentioned a figure of 600 odd vehicles. As you see it came out to just over 400 when we checked with the vehicle census.

By Mr. Stewart:

Q. Are the vehicles you have on hand all situated in Canada?—A. A number of vehicles have been shipped from overseas to Canada. I believe the program is now complete with the exception of approximately 500 vehicles.

Q. So of this 30,459 on hand 500 are still overseas?

By Mr. Homuth:

Q. They are shipping those back from overseas?

The CHAIRMAN: What is the question?

By Mr. Homuth:

Q. They are shipping those vehicles back from overseas? There are 500 more to come, are there?—A. That is right.

Q. What types are they? Are they types that are going to be required by the army here or are they types that will be declared surplus and sold here?—A. The vehicles coming back from overseas are of a type not procurable from the stocks in Canada, chiefly technical vehicles.

By Mr. McGregor:

Q. Are they all to be retained by the army or are they all to be turned over to War Assets?—A. We wish to retain them in the army. They are to be retained in the army.

Q. They are to be retained? Do I understand they are to be retained in the army? Do I understand that correctly, or are they to be turned over to War Assets?—A. They are to be retained in the army.

The CHAIRMAN: That is what I understood you to say.

Mr. MCGREGOR: If not at the present time probably at the next meeting you could give us a list of those that are being brought back from overseas.

The WITNESS: Of the vehicles yet to be brought back?

Mr. MCGREGOR: And those that have been brought back.

By Mr. Stewart:

Q. Would it also be possible for us to be given a breakdown of the vehicles on hand along the same lines as the statement given to us first of all by Colonel Denney, as of the 30th of April?—A. We can do that as of the 30th of April. That is not a very difficult job. We could do it here, but I would rather leave it until next day because it would require a little calculation.

By Mr. Reid:

Q. May I ask Colonel Denney if all repairs to motor vehicles are being taken care of by army personnel or are any motor vehicles repaired outside of the army?—A. The army repairs its own vehicles. During the war there were certain contracts out for the overhaul of engines, and today a few of those contracts are still in existence.

By the Chairman:

Q. Will you proceed with your next question?—A. This is a statement in detail of vehicles declared to War Assets but at present not removed from ordnance compounds as of the 30th of April. You will recall that the total as of the last meeting was 1,975. The total as of this report is 4,104. I should like to read those giving you the classes of vehicles and the total cost.

Mr. MCGREGOR: Do you think it would save time to have that put on the record?

The WITNESS: I will be very glad to do that.

The CHAIRMAN: That is quite in order but if it is not very lengthy I would like to see it read.

Mr. BENIDICKSON: We can hardly discuss it if we do not hear it.

The CHAIRMAN: So as to clear up each and every question as we go along. I think in fairness to the members, particularly the member who asked that question, we should have a further statement at least unless it is the wish of the committee to deal with the matter otherwise. What is your pleasure, gentlemen?

Mr. STEWART: I should like to hear it read.

The CHAIRMAN: Suppose we have the breakdowns as Colonel Denney will give them to us, and then if there is further information required we will ask for it.

By the Chairman:

Q. Will you give us a brief statement, Colonel Denney?—A. Cars, light, total declared 65. They are still in ordnance compounds. We would like it understood those are the ones that have been declared to War Assets and are available now for sale. As of today possibly some of them are sold. This was as of the 30th of April. Cars, light, 65, valued at \$93,795.

By Mr. Benidickson:

Q. Is that the cost or your valuation at the present time?—A. That is the original cost, Mr. Chairman. Cars, 500-weight, known as jeeps, 277. Total cost, \$463,795.

SPECIAL COMMITTEE

Type of Vehicle	M.D. 1		M.D. 2		M.D. 3	M.D. 4		M.D. 5	M.D. 6		M.D. 7		Total	Total Cost \$ c.
	New Sarnum	C.M.D. London	Tor- onto	Camp Borden	King- ston	Mon- treal	Longue Pointe	Que- bec	Hali- fax	De- bert	Cold- brook	Sus- sex		
Cars, Light.....		6		4	6								65	93,795.00
Cars, 5-cwt.....	15		31	57	10	35		43			7	3	277	463,795.00
Cars, Armoured.....	1										18	18	1	9,898.00
Station Wagons 7-cwt.....	2			14	8	9		15		21	13	2	120	213,480.00
Trucks, 8-cwt.....													2	2,456.00
Trucks, SC 1/2-ton Ambulance.....					2								5	3,750.00
Trucks, SC 1/2-ton Panel.....													2	2,160.00
Trucks, SC 1/2-ton Pick-up.....													2	2,310.00
Trucks, 15-cwt.....	609	1		1		1							3	1,811,516.00
Trucks, H.U.P.....	127		44	32	11	11		22		52	24	34	870	390,600.00
Trucks, H.U.P. W/T.....	71	1	3	3	5	4		10		15	2	3	174	179,625.00
Trucks, SC, 1-ton Panel.....	4				3								4	9,040.00
Trucks, SC, 1-ton Panel.....	4	1	4	1	4	15		7		3	9	1	50	48,000.00
Lorries, 30-cwt. GS.....		1		1	1			2		8		1	35	3,820.00
Lorries, 30-cwt. Amb.....	17	2		2	1								3	106,085.00
Lorries, SC, 1 1/2-ton.....				3	4	3							17	2,901.00
Lorries, SC 1 1/2-ton Amb.....	4			2	4						1		17	40,000.00
Lorries, SC 1 1/2-ton Dump.....					1	13		10		4	10	1	131	1,450.00
Lorries, SC 2-ton.....	35		18	27	13	13							1	233,000.00
Lorries, SC 2-ton Amb.....					1								2	6,000.00
Lorries, SC 2-ton Dump.....	1		1			2							1	1,218.00
Lorries, SC 2-ton Dump.....													4	7,240.00
Lorries, SC 2-ton Dump.....													920	2,163,700.00
Lorries, 3-ton GS.....	698	90	10	70	6	2		6		8	13	23	154	58,930.00
Lorries, 3-ton Amb.....	6						142			6			60	192,000.00
Lorries, 3-ton Derrick.....	58		1		1		84	1		1	1		87	165,407.00
Lorries, 3-ton Dump.....													17	31,450.00
Lorries, 3-ton Chassis.....		17											21	55,650.00
Lorries, 3-ton Winch.....	13	8											4	12,800.00
Lorries, 3-ton F.L.D. W/S.....		4											1	2,331.00
Lorries, 3-ton Cable Layer.....		1											17	31,000.00
Lorries, SC, 3-ton.....									3	8	6		1	2,800.00
Lorries, SC, 3-ton F.L.D. W/S.....		1											1	2,800.00
Lorries, SC, 3-ton Stake.....	1					2							3	6,420.00
Tractors, Breakdown Light.....	8				2						2		12	83,400.00
Tractors, Breakdown Light.....													1	11,140.00
Tractors, Field Artillery.....	141		3				290			23		1	458	1,388,198.00
Tractors, Light AA.....	75									12	2		89	238,000.00
Trailers, 15-cwt. GS 8.....	2												2	1,300.00
Trailers, 4-wheel Platform.....	3				1								2	1,800.00
Motor Toboggans.....													4	3,943.00
Motor Landing Craft.....									1				1	8,500.00
Motorcycles.....	200						200						200	123,000.00
Tractors, 5-ton for Semi-Trailer.....													200	1,812,476.00
Lorries, 3-ton Stores.....	3												6	15,300.00
Totals.....	1,902	389	133	217	73	97	716	120	18	244	108	87	4,104	10,041,774.00

The WITNESS: Mr. Chairman, I find that I have here a sufficient number of copies of this statement to permit its distribution to all members of the committee if they would like to have them.

The CHAIRMAN: Colonel, without being critical, you should have said that in the first place.

The WITNESS: I am sorry, Mr. Chairman, I did not think of it. We had these prepared but I did not happen to remember it. It would possibly save a considerable amount of time for the committee.

The CHAIRMAN: Yes.

Mr. MCGREGOR: What is to be gained by wasting a half hour reading a statement of this kind which has been handed out to the members of the committee. We can look it over and if there are any questions to be asked we can ask them now, or at a later time.

The WITNESS: I am sorry, Mr. Chairman, I had these extra copies but they had slipped my mind. In connection with other answers which I have been asked to prepare we have statements here and I will see that they are handed out.

The CHAIRMAN: Yes, we would like to have that in future.

The WITNESS: I think it would be a great time saving factor, Mr. Chairman.

The CHAIRMAN: Yes. Now, gentlemen, I want this settled first, whether we will continue to hear from the witness along the lines on which he has been proceeding, or will you take this as read?

Mr. STEWART: Due to the fact that we have the statement here, Mr. Chairman, I am quite willing to take it as read. There may be one or two questions which I would like to ask perhaps.

Mr. SHAW: Is there any particular reason why this report covers only seven military districts; are we to assume that there are none of these vehicles to be found in the others?

The WITNESS: Mr. Chairman, as I explained at the last meeting, we have crews out classifying vehicles that are declared surplus by districts. At the last sitting we gave the totals for the eastern and western districts. The vehicles in the west, as far as I know, that were mentioned before, have since been sold and the crews are now working in the western district and our records do not show any reports received from them as of this date, but in a week's time there will be a large addition from the west. As you will remember, Mr. Chairman, at the last meeting there were large concentrations of vehicles in eastern Canada and we have been concentrating on those surpluses.

The CHAIRMAN: Is there any further discussion on this statement?

Mr. STEWART: There is one question I would like to ask in connection with item six; I see that trucks, half ton ambulance, apparently cost \$750 per ambulance while the half ton panel is \$1,080.

The CHAIRMAN: What item are you referring to?

Mr. STEWART: To items 6 and 7 on the first sheet.

The WITNESS: Mr. Chairman, with regard to the apparent discrepancy in the cost shown for trucks standard panel one-half ton ambulance and the trucks standard commercial one-half ton panel it appears that the one-half ton panel costs more. That is the actual fact as far as cost to the army was concerned in the actual purchase of the original vehicles because the standard commercial one-half ton ambulances were purchased as chassis and the bodies from other vehicles, converted to be used for ambulances, were added to these chassis and that made the finished vehicle cost less as far as the army was

concerned. These finished panel delivery trucks are more expensive than the ambulance chassis.

Mr. REID: In other words, the cost of making the ambulance is not included in this figure, all that is shown here is just the cost of the chassis.

The WITNESS: Because the tops that were to be put on the chassis were converted from bodies available within army holdings.

Mr. REID: There are one or two questions I would like to ask, Mr. Chairman, and one of them is this, these vehicles that have been declared surplus to War Assets and are being held in ordnance: is there anything to prevent War Assets going to ordnance and selling them, or must they wait until such time as they take them out of ordnance and place them somewhere else? I might state that this is one of the reasons there is great discontent, people seeing a large number of vehicles parked and not in use and told that they are surplus—I understand that there are over 4,000 which have already been declared surplus to War Assets, and I want to know whether War Assets can go into ordnance and sell these trucks right now?—A. Mr. Chairman, as I mentioned before we are the custodians of all stores declared surplus to War Assets until War Assets (a) remove them or (b) sell them. In the case of vehicles which have been sold on ordnance property and those vehicles which are now available for sale on the spot, every assistance is given to aid War Assets in disposing of them in moving the vehicles around within the compound, etc.

Q. In other words, the responsibility for these vehicles now rests in War Assets?—A. That is right, Mr. Chairman.

By the Chairman:

Q. Colonel, so that I may understand your statement as a picture I can visualize may I ask you this. In Halifax there are thousands of vehicles of all types in parking spaces. You show eighteen here as being in Halifax. Are you sure that that figure is right? There seemed to be thousands of vehicles parked around Halifax. What types would they be made up of; and, for what purposes would they likely be used? I do not want you to go into detail with respect to each type of vehicle, but I am just trying to get a more correct picture; there are so many vehicles around that and other districts for which there is apparently no accounting insofar as this statement is concerned.—A. The figures with regard to present ordnance stocks and unit holdings in M.D. 6 in which Halifax is situated are as follows: ordnance stocks of vehicles in Halifax, 61; ordnance stocks of vehicles in Debert, Nova Scotia, 567; unit holdings of vehicles in M.D. 6, 536.

Q. May I pursue that just a little further? Now, Colonel, that is a total of 1,164, and according to your statement only sixty-one of those vehicles are in Halifax; is that correct, is that statement correct as of date?—A. That would not be correct because I have given you the holdings of units in the whole of M.D. 6 and these units are located all over the district.

Q. You gave me sixty-one as being located in Halifax, 567 at Debert, and 536 as unit holdings.—A. Yes, unit stocks.

Q. That makes a total of 1,164. What I am anxious to ascertain is the numbers that are actually in Halifax at the present time, or as of April 30, 1946.—A. We could obtain those figures for you from the district ordnance officer. It would be the 61 vehicles in ordnance stock plus a proportion of the 536 that are held by all units in M.D. 6.

Q. I think, Colonel, if we could get a very clear statement in respect to that particular case it would satisfy a good many of the members as to why they hear so many complaints as to the numbers of vehicles parked in different sections of Canada. You say that you have sixty-one located in Halifax. You were one of the members who raised this question, Mr. Reid, and it was also brought up

by Mr. Cleaver—as to the apparently large number of vehicles parked which were not being made use of in the different military districts.—A. We will prepare an answer for you, Mr. Chairman, for every city or area which you choose to name.

Q. Halifax, of course, would give me the picture that I want to get.—A. I just wanted to make sure as to just what was required.

By Mr. Reid:

Q. Of course, I would want to see the figures for British Columbia, and I want to ask a question now relating to a figure given on page two.

The WITNESS: Before we go on, Mr. Chairman, I just want to say in connection with your question; with reference to ordnance stock vehicles and unit stock vehicles in Halifax, some of them would most likely be vehicles received from overseas and not yet shipped from Halifax.

The CHAIRMAN: That might be so, but I have not that type in mind at the present time, I am thinking of those that have been parked there for many, many years.

Mr. REID: I thought by the statement made by the War Assets witness that material overseas was all sold over there in co-operation with the government of Great Britain and not brought back. Do you bring vehicles back that have been used in the old country? What is the good of bringing them back after they have already gone there? It is going to be a costly vehicle to the country. What is the object of bringing back a vehicle that has been used? Why could they not have been declared surplus in Great Britain and sold? That is what we were told was being done.

Mr. MCGREGOR: May I ask, Mr. Chairman—

The CHAIRMAN: One at a time, please gentlemen. Mr. Reid, you wanted an answer to your question now?

Mr. REID: I wanted an answer to that particular question, yes, Mr. Chairman.

The WITNESS: Mr. Chairman, the reason the vehicles are brought back from overseas is because the types of vehicles and the quantities required are not available from stock in Canada, and also because the average type of vehicle involved would be worth around \$10,000 and would cost \$500 to ship. If we were to put out a contract or attempt to obtain the vehicles here we could not do so at anywhere near the cost of bringing it back from overseas. The cost of manufacture would be far greater than the amount we would have to pay in freight from overseas.

By Mr. Reid:

Q. Mr Chairman, there is presumably a purpose in bringing these vehicles back to Canada, and that presumably would be for use in this country. Am I right in assuming that, or what other object would there be? Are many of these trucks that have been brought back from overseas being declared surplus? —A. May I make a correction of the impression that seems to exist that vehicles are brought back from overseas to be declared surplus. They are brought back because we require them for the post war army, and in order to avoid shipping in many cases we arrange exchanges. For instance, in this country the Mutual Aid Board had certain types of vehicles not shipped as of V-J day—(that is an arbitrary date)—We had in our possession overseas some of the same types of vehicles and the Mutual Aid Board was in the process of giving these vehicles or disposing of them to certain European countries. We made a swap, took their vehicles in this country and they took ours in England or on the Continent. In some cases we did not turn over identical vehicles but we reconciled the value

and made our swaps to avoid the necessity of paying shipping charges across the Atlantic.

Q. May I ask in the list of vehicles presented to us this morning if there are included any new vehicles or are they all used vehicles?—A. I am afraid, Mr. Chairman, I do not quite get the import of the question.

The CHAIRMAN: Mr. Reid, just so we may understand the question; of the 4,104 vehicles listed you want to know what percentage are used cars?

Mr. REID: Yes, I want to know if all the vehicles on this list are second hand, used cars, or if there are any new cars among them.

The CHAIRMAN: What do you mean by new, purchased within the last year?

Mr. REID: Vehicles that have been purchased and are in the possession of the departments but have never been out in use. We were told by one of the witnesses appearing before the committee that there were certain vehicles in your possession which had never been uncrated.

The CHAIRMAN: Now we are getting somewhere.

The WITNESS: Mr. Chairman, I have not the exact breakdown of the vehicles that are new. You are correct, some of the vehicles are actually new and have never been uncrated, some which were purchased in this country for shipment overseas, and they amount to a total as far as we know now of 717. I cannot say that is the exact figure.

Mr. MCGREGOR: Were they in Canada or overseas?

The WITNESS: In Canada.

By Mr. Reid:

Q. Would it be possible to have the number of vehicles that have been brought back from overseas?—A. I can give you the total. I may say that there was a special mission which was sent overseas to decide what war equipment, including vehicles, would be required for Canada's post-war army. That included some 9,000 odd vehicles, 3,300 of which were boxed or crated and 5,700 were on wheels.

Q. Then I see you have one breakdown tractor (that is on sheet number three of your statement) for which you show a cost of \$11,140. Could you tell us what sort of a vehicle that is?—A. Mr. Chairman, that particular vehicle in civil life would be known as a wrecker, in the army we call it a recovery or breakdown vehicle. It is equipped with a large crane and is manufactured in the United States by the Diamond-T people. It is a very costly piece of equipment and that accounts for the \$11,140 quoted here as the original cost.

Mr. MCGREGOR: They would be used for lifting tractors out of mud holes, and things of that kind?

The WITNESS: They can lift a complete light vehicle or the front end of a heavy vehicle and suspend the front or rear end, of a heavy vehicle while it is being towed.

By Mr. Reid:

Q. Can you tell us, Colonel, if there was much movement of trucks or cars between the United States and this country; I mean Canadian army defence trucks and cars?—A. I do not understand that question.

The CHAIRMAN: Would you repeat?

By Mr. Reid:

Q. Was there much movement of trucks and cars between Canada and the United States; and also if there has been any large movement of trucks and cars from one part of the country to another. For instance, a vehicle

situated in Vancouver—the army used four or five trucks there, let us say, and the time came when there was no longer useful employment for that number of trucks at Vancouver but trucks of that type were needed in Alberta. My question is, has there been much movement of the type of vehicle we have before us between the different parts of Canada. For instance, take the three-ton lorries at New Sarum of which you have thirteen; would they remain there or would they be moved to some other point or points. I want to find out if there have been movements of certain types in certain provinces before they were turned over for disposal by War Assets.—A. The vehicles originally came from the manufacturers to the Central Mechanization Depot in London before they were distributed by ordnance to points in Canada where they were required. Take, for instance, the cars, 5 cwt.; originally I expect they were shipped from the Central Mechanization Depot to the district requiring them. Once having arrived at the district, except under exceptional circumstances, I would not imagine there would be much movement to other districts. There has certainly been no movement of them from district to district, in declaring them to War Assets, because, in order to facilitate the disposal of vehicles and make them available to people in the localities where the vehicles are situated, we declare them and classify them in the districts in which they are located.

By Mr. Shaw:

Q. Without exception?—A. There is no exception to that rule, so far as I know, except where a vehicle of a special type is required in some other part of the country than that in which the vehicle is located, we would assist War Assets in locating the vehicle and it would be up to them to move it to the customer, or to make the necessary arrangements for the customer to come and get it.

By Mr. McGregor:

Q. When anything comes to War Assets you turn it over to War Assets, wherever it is, and then, it is up to them?—A. Under the present system we declare it where it is, and then it is up to War Assets to sell it on the spot or to remove it.

Q. What has been the practice in the past?—A. I discussed this before and said that we originally had what was known as the blanket system of declarations. We would know our total holdings, for example, of cars, 500 weight in Canada, and we would have a total surplus. We would declare to War Assets in a blanket declaration that we had a certain quantity of surplus; and when they had a requirement for that particular type of vehicle, we would tell them the quantity in any given district where they might wish to sell them. As far as I know, on some occasions, some vehicles that they wanted to dispose of en bloc, such as carriers, were brought in from all parts of the country to New Sarum, near London, Ontario, for disposal, because that type of vehicle was a difficult vehicle to sell locally.

Q. Why would they be placed at London?—A. Because London was a central mechanization depot and the Ordnance personnel required to handle a large block of vehicles were located there, and could handle and move them around before sale; but when War Assets requested that we give them aid in disposing of them locally the system was changed from a blanket declaration system to a district bases of disposal.

By Mr. Benidickson:

Q. When was that change made?—A. As far as I know it was about the 6th of March. It was made retroactive to the 1st of February. By that, I mean, even though we had blanket declarations, these were cancelled and we had to go back and review the picture from the 1st of February.

By Mr. McGregor:

Q. Up to that time the policy was to bring all this stuff to one point?—

A. Not necessarily; but you asked if we had ever brought them to one point. The policy was to declare them in total to War Assets, and to dispose of them where War Assets wanted the sale.

Q. Could we have a list of how many were brought to that particular point, and the cost of bringing them there?—A. What particular point?

The CHAIRMAN: Just in order to clear up that question, this statement which you received and no doubt have studied, shows I think, about what you want. It shows that in District 1 there were 2,291 vehicles as at April 30th, out of a total of 3,104. I just want to save this gentleman unnecessary work.

Mr. MCGREGOR: I do not think this statement has anything to do with the question I asked. I understand that one of the policies of the government was to bring vehicles to a certain point and to sell them from there. I want to know how much of this stuff had been transferred to a central point, such as that, and what it cost to bring them there?

The CHAIRMAN: You would not want vehicles brought there, say, from Nova Scotia to Ontario, or from British Columbia to Ontario to be disposed of?

Mr. MCGREGOR: I do not know that these are the particular points we have in reference. It has been set down that there were certain points where they brought them. We want to know where they were, what goods, what was brought there, why; and what it cost to bring them there?

The WITNESS: I think I understand the question, Mr. Chairman. You wish the name of the locations where the vehicles were concentrated?

By Mr. McGregor:

Q. Yes.—A. The quantity of vehicles, by rough classification such as trucks, motor cycles, etc., brought there and the cost of bringing them there, and the reason for so doing?

Q. Yes.—A. We will prepare that answer, Mr. Chairman.

The CHAIRMAN: There is just one other question that hinges right on that. There is a lot of information there and Mr. McGregor is entitled to get it. Is that the policy in effect now?

The WITNESS: No.

The CHAIRMAN: I am more concerned about what we are going to save in the future. If Mr. McGregor wants that information; and the committee thinks it necessary, then we should have it; but it is just a question in my mind, as Chairman, as to whether we should put these gentlemen to the trouble and expense of finding out the cost of freight on each and every one of these vehicles transported from one section of Canada to another section of Canada.

Mr. PROBE: Ordnance has got some very good records, Mr. Chairman, and I do not think it would be very much trouble. And I would like further a fairly comprehensive statement of the vehicles returned to this country from overseas, put down as far as it can conveniently be done, according to types and relative newness, whether second-hand or new vehicles that were returned, and the costs of bringing them back.

Mr. STEWART: Supplementary to that, could we also have the number of vehicles that were overseas as of the 30th of June, last year?

The CHAIRMAN: The 30th of June of last year, you mean 1945.

Mr. COTE: Is there any question about the types?

Mr. STEWART: No; just the number.

By Mr. Reid:

Q. My question that I would like to ask the Colonel is this: before declaring these vehicles surplus to War Assets, were they examined and overhauled? I understand that we have a pretty good mechanical force looking after the trucks and cars, and I was just wondering if they were just turned over without examination, or, if they were examined? Were they put into first class repair before being turned over to the War Assets?—A. Mr. Chairman, every assistance is given to War Assets to classify the vehicles into classes laid down by War Assets; and that will include mechanical condition of the vehicles; but we do not do work on the vehicles and then, subsequently, dispose of them through War Assets, because it is not our policy to do so.

Q. You just turn them over as is?—A. That is correct. It might be a new, boxed vehicle or a vehicle only suitable for salvage purposes.

MR. BRADETTE: I wonder if it is practical to answer Mr. McGregor's question. How would it be possible for Ordnance to know what was the cost of moving one machine from one place to another? Really, I think there are a lot of things involved in the way of answering that question, and whether it would be worth the cost or not, I do not know. I wonder if it would help the work of the committee? I do not know?

THE CHAIRMAN: That is just what I had in mind, Mr. Bradette. I want all the information placed at the disposal of the committee, but I certainly do not want to see unnecessary work put on the shoulders of this department or any other department.

By Mr. Benidickson:

Q. Could Colonel Denney indicate to the committee just what work would be required in order to answer that question?—A. We are prepared to give to the committee every assistance possible on any questions they might require of us; but in answering this question with regard to the list of vehicles concentrated at various points throughout Canada, it would first necessitate a checking with each district concerned with regard to the quantity and types of vehicles, and then checking with the transportation people with regard to the type of shipment, whether it was by open cars or closed, and the actual freight for the types of shipment used. It would also necessitate a calculation of any extra labour costs that might have been required in the districts concerned, for loading those vehicles. Now, if the committee considers that a consolidation of those figures is necessary, we are prepared, Mr. Chairman, upon your instructions, to proceed.

MR. COTE: If Mr. McGregor's question were reduced to one concentration point, that would be more reasonable?

MR. PROBE: That would give us a fair notion of what the cost would be for the rest.

MR. MCGREGOR: How long does Colonel Denney estimate it would take to get that information?

MR. BRADETTE: It should take probably six months.

MR. BENIDICKSON: Every shipping bill across the country would have to be examined.

MR. BRADETTE: Exactly; anybody who knows anything about shipping would realize that.

THE WITNESS: I am advised by my assistant director for mechanization that it would take at least two weeks, employing a great part of his staff and that of Ordnance and transportation personnel throughout the various districts in Canada.

MR. MCGREGOR: Well, if that is the case, there must have been a lot of stuff shipped; and all the more reason why we should know what it is. This committee

was set up for that particular purpose and if we are not going to get the information that we ask for, we might just as well suspend this committee right now.

The CHAIRMAN: Nobody is suggesting that we do that. You always come back to that foolish statement.

Mr. BRADETTE: As far as I personally am concerned, I do not want the whole information; but if we had the information from one central point, we would be perfectly satisfied, and I feel sure that the committee would feel the same way about it.

Mr. MCGREGOR: Well, let us have it.

By Mr. Stewart:

Q. Is there such a thing as a typical disposal point? Could you give us one point which would be typical of the rest of them?—A. The largest disposal centre was New Sarum which is located near London, Ontario; and if you wish, we could take that as an example: and if you wish to proceed farther, after that, we could give you the rest.

Q. This seems to be a very complicated question. Anything that this committee does not want to have answered becomes complicated. Take the London centre, for instance. Those people at the London centre know exactly what came into it; they have got the freight bills there, or if not the parties who sent them there have got the freight bills, I imagine, and all the data in connection with that; so there should be no trouble about answering that, if you want to do so; otherwise you can make it just as complicated as you like.—A. As far as the army is concerned, we are willing to produce any records that you require; but I would point out that this goes back for a considerable period of time. In the first place it takes a long time to scrutinize old records; and many of the files have been classified as dead and have been shipped to central points for recording, or have been disposed of if it should go back too many years; and further than that, a great many people that were employed by the army are no longer with the army.

Q. How many years do they go back?—A. The disposal of vehicles started in April 1943.

Q. That is about two years?—A. I beg your pardon, that is three years.

Q. Well, three years?

By Mr. Cote:

Q. Well, this would be for the period prior to February 1 of this year, because you are now following a definite policy; you are not attending to any concentration of surplus assets yourself?—A. That is correct, Mr. Chairman.

By Mr. Stewart:

Q. Could you give us an idea of where the surplus vehicles from Manitoba were moved to? Would they go to New Sarum, or all over the country?—A. If War Assets required us to declare vehicles and remove them to New Sarum, we would have done that. But if they wished to hold a sale in western Canada, we would have concentrated them at whatever point was required.

The CHAIRMAN: Mr. Stewart's suggestion is that this information be compiled in so far as New Sarum is concerned.

Mr. MCGREGOR: What is that: in so far as what?

Mr. COTE: I do not think that Mr. Stewart is choosing any particular concentration point. I would rather that Mr. McGregor pick out the point he prefers to have a typical case made by the witness.

Mr. MCGREGOR: I am not asking for one particular case at all; I am asking for a statement of how many depots there are in this country where this stuff was shipped to?

The WITNESS: They were not necessarily all shipped to Ordnance depots. They were concentrated in places that would be appropriate for disposal; but it happens that the largest concentration was at the Central Mechanization sub-depot at New Sarum.

By Mr. McGregor:

Q. How many other depots are there throughout the country?—A. I would like a clarification of the word "depot" please.

Q. I do not know anybody who is in a better position to classify the word "depot" than you are?

The CHAIRMAN: You mean "districts;" a break-down of the places as shown under each district?

Mr. MCGREGOR: What I want to know is: there were certain goods in certain districts in this country that could have been sold or probably could have been sold in those particular districts; but instead of that, they were shipped to some other districts, and from that other district sold. I understand these districts were supposed to be set up for the concentration of these goods. Now, I think, perhaps, the witness knows what I mean all right.

The CHAIRMAN: Well?

Mr. MACDONNELL: What Mr. McGregor wants is to get an idea of the extent to which equipment was shipped from one part of the country where it could have been disposed of, and sent to another part of the country. It does not seem to me that a typical case is going to be a bit of good. Surely we need to know what places the machinery left and in what quantity, and what was the cost to send it. I would like to ask Colonel Denney if the Department of National Defence was charged by the railways for shipping, just as any other shipper would be charged; were they treated at arm's length by the railways. But first of all we would need to get the shipping bills and the cost of shipping, and then the cost of loading. Was that last a civilian cost? I still do not understand that. Why would not he be like any other shipper that is shipping goods? He would know what it cost him. I am quite ready to be shown how I am wrong; but surely there would be records and we could find out in two days what it cost them, actually, to ship, and what the goods were, and how much?

The WITNESS: May I refer back to what I said. There are old records, dead files, and so on that go back for three years. Files accumulate at a fast rate, and it might well be that we would have to get data from various parts of Canada, and that information would then have to be sent into our office here and consolidated. There is no question but that we could get it, and if not in two weeks' time, then, in whatever further time might be required.

The CHAIRMAN: Is it the wish of the committee that this information be supplied, as outlined by Mr. McGregor?

(Carried.)

The CHAIRMAN: May I pause to say how pleased I am to see Mr. Black with us to-day. As you know, since our last meeting Mr. Black has undergone a very severe operation, and I am very very pleased, Mr. Black, to know that you are sufficiently recovered to be with us to-day.

Mr. BLACK: I thank the chairman for his remarks. He was a personal friend of mine in the provincial legislature and he is one here as well and has been so for a great many years; and I thank the members of the committee for the greeting of welcome they have given me. Pretty ruthless forces control us when we come to Ottawa and sooner or later they get us—either the electors or ill-health. Ill-health got me for a few months or so, but now I am back and I hope to be with you for some time.

The CHAIRMAN: Now, Colonel Denney, will you proceed with your answer to the next question?

Mr. BENIDICKSON: I would like permission to go back to the first statement we heard this morning. Colonel Denney told us that pre-war holdings of vehicles described totalled 401.

The CHAIRMAN: Right.

Mr. BENIDICKSON: Aid that there has been on hand as of April 30, 30,459.

The CHAIRMAN: Right.

Mr. BENIDICKSON: He also got a return from overseas which I think totalled about 9,000. I assume those were deliveries from factories to April 30; is that correct?

The CHAIRMAN: I doubt it very much if that 9,000 enters as a factor into that, in the manner in which you have set up your figures.

Mr. BENIDICKSON: We are told with respect to personnel carriers, that the pre-war holdings were 93 and the post-war requirements were 4,133. I would just like to have a little explanation of that 93, because I would imagine there were 93 in Ottawa alone. That may help me to get a description of the pre-war holdings.

The WITNESS: From my records, Mr. Chairman, and we had to get this from records available, vehicles used for transporting personnel, pre-war, in the whole of Canada, totalled only 93, Mr. Chairman. That is, pre-war.

By Mr. Benidickson:

Q. But you said it included passenger cars and busses and anything of that nature?—A. That is true, but I doubt if there were any busses in the possession of the army before the war.

Q. Any one of us can walk for fifteen minutes in the city of Ottawa and meet a dozen army cars.—A. Prior to 1939 you would not have found very many.

Q. I wanted to make sure it was not pre-V-J day.

By Mr. Reid:

Q. On page 1, cars, armoured, one. What was the use of an armoured car in this country? I can understand an armoured car being used at a battle front, but not in this country; there was no danger in this country?—A. The existence of a few vehicles of that type simply means they were used for training in this country and have probably been used to such an extent that they are no longer of any value to the army; so we are now declaring them for disposal to War Assets.

By Mr. Stewart:

Q. Out of this number of 23,903 vehicles required, how many vehicles have the army got for its requirements?

The CHAIRMAN: What is the last part of your question?

By Mr. Stewart:

Q. The requirements of the army are 23,903 vehicles; how many are the army short of that particular number now?—A. We have an excess, as you know, of the total holdings; but we are short a few specialized types of vehicles, such as amphibious vehicles.

Q. There are now very many, are there?—A. Mr. Chairman, in the majority of cases, we hold all of the 23,903. Mr. Chairman, if you will give us a minute or two, I think one of my assistants can add up the total figures, of all types of vehicles included in the 23,000.

By Mr. Black:

Q. While the witness is getting that information may I say that I came into this committee meeting during the discussion, and if this information has been submitted, I won't ask to have it repeated. I am interested in my home community where there is a big ordnance storage, running to \$7,000,000 to \$10,000,000; and I understand that these goods are being disposed of and being dispersed somewhere, not in Amherst, not in Nova Scotia. So I would like to have a statement from the witness as to what has been the disposal of military goods from the Ordnance storage quarters at Amherst, and where these goods have been despatched, and in what way they have been disposed of. If that information has already been given, I won't ask for it to be repeated; and if it is not ready I would like to have it at a later session. I understand there is an agreement with the Department of Agriculture that these quarters be entirely vacated during the next few months in order that the buildings and quarters there be made available for the Maritime Winter Fair, which is ordinarily held in November.

The CHAIRMAN: The first part of your question is quite in order, Mr. Black; but the last part, as to the disposal, is a question that will have to be placed before the War Assets Corporation witnesses.

The WITNESS: You wish to know the holdings at Amherst.

The CHAIRMAN: Yes; have you that?

The WITNESS: The other question before us, from the last day has to do with paint. That is the question you asked to be held up; and the other one had to do with the disposal of holdings of the branch of the Quartermaster-General and of any other Army Supply Agencies, as I recall it, of the Department of National Defence. I have those answers here. Would you please indicate your wishes Mr. Chairman?

The CHAIRMAN: Now, gentlemen, in connection with the answer to the question raised by Mr. Jackman concerning paint, I think we should put that on the record for Mr. Jackman's information; and he will then be in a position to ask any further questions.

Mr. COTE: I agree.

The WITNESS: Shall I read them?

The CHAIRMAN: Yes.

The WITNESS: Mr. Chairman, I have a detailed statement of the holdings of stocks of paint in the Ordnance depots. It reads as follows:

1. The total inventory of miscellaneous paints in Ordnance stock as at this date amounts to approximately 12,887 gals. of which approximately 50 per cent is khaki paint and thinner and oils pertaining thereto.

2. Approximately 2,000 gallons of paint and thinners are still due in on contract demand. This consists of: 600 gallons of black gloss paint for repainting of staff cars and approximately 1,400 gallons of protective coatings and thinners for immediate requirements for preservation of guns and equipment.

3. Attached hereto are the following:—

Appendix "A"—Details of miscellaneous paints stored at Central Ordnance Depot, Ottawa.

Appendix "B"—Details of miscellaneous paints stored at Central Mechanization Depot, London.

4. There are no stocks of paint held in the various military districts across Canada other than actual quantities that have been "ordered forward" from Central Ordnance Depot, Ottawa, to meet current requirements.

Note:—"P.F.U."—means "Prepared for use".

APPENDIX "A"

PAINTS IN STOCK AT CENTRAL ORDNANCE DEPOT, OTTAWA, AS AT 18 APRIL, 1946

Part No.	Nomenclature	Stock
1H-16972	Enamel Cilux Blue, Qts.	276
1H-16975	Green, Qts.	334
1H-16980	Red, Qts.	152½
1H-16985	Yellow, Qts.	76
1H-17000	Enamel Glyceryl Phthalate Black, Gals.	5½
1H-17100	White, Gals.	371
1H-17165	Enamel Black Wrinkle Finish Reducer, 10-oz. Cans.	65½
1H-17170	Enamel PFU Blue, Gals.	14
1H-17200	Brown Dark No. 11, Gals.	93
1H-17250	Light Brown, Gals.	20
1H-17300	Green No. 1 S, Gals.	41
1H-17350	Enamel Grey Dark No. 3 S, Gals.	17
1H-17450	Enamel PFU Red Signal No. 37, Gals.	½
1H-24770	Paint Obliterating Buff, Gals. (5 Gal. Cans)	115½
1H-24800	Paint PFU Aluminum G.S., Gals.	6
1H-24850	Paint PFU Black Acid and Alkali Resisting, Gals.	5
1H-24900	Paint PFU Black Ammunition Lead Free:— (1 Gal. Lead free Containers, Gals.)	11
1H-24920	Paint PFU Black Amn. Lead Free Marking, Gals.	14
1H-25000	Paint PFU Black Flat, Gals.	315
1H-25050	Paint PFU Black G.S., Gals.	162
1H-25100	Paint PFU Black Marking, Gals.	146½
1H-25250	Paint PFU Blackboard, Gals.	4
1H-25300	Paint PFU Blue Amn. Lead Free, Gals.	115
1H-25320	Paint PFU Blue Amn. Marking I B Spec., Gals.	17
1H-25400	Paint PFU Blue Dark No. 5, Gals.	286
1H-25420	Paint PFU Blue Grey No. 33/Radar Equipment, Gals.	12
1H-25423	Paint PFU Blue Grey Primer Metal, Qts.	25
1H-25426	Paint PFU Blue Grey Reducer, Qts.	5
1H-25450	Paint PFU Blue G.S., Gals.	56
1H-25500	Paint PFU Blue Light G.S., Gals.	244
1H-25550	Paint PFU Bronze Green No. 24, Gals.	330
1H-25600	Paint PFU Brown Basic No. 2, Gals.	95
1H-25650	Paint PFU Brown Dark No. 11, Gals.	364½
1H-25700	Paint PFU Brown Light G.S., Gals.	165
1H-25800	Paint PFU Buff Amn. Lead Free, Gals.	155
1H-25950	Paint Cream 52 PFU Exterior Flat Spec., Gals.	11
1H-26000	Paint PFU Gold, Pts.	688
1H-26120	Paint PFU Green Amn. Lead Free Marking, Gals.	10
1H-26150	Paint PFU Green Dark, Gals.	73
1H-26250	Paint PFU Green Light, Gals.	693
1H-26350	Paint PFU Green No. 1S, Gals.	8
1H-26400	Paint PFU Grey Amn. Lead Free, Gals.	4
1H-26500	Paint PFU Grey Dark No. 32, Gals.	430
1H-26600	Paint PFU Grey Light No. 31, Gals.	363
1H-26650	Paint PFU Grey Matte Finish, Gals.	41
1H-26700	Paint PFU Grey No. 3 S, Gals.	4
1H-26710	Paint PFU Grey Primer Special RCE 50A, Gals.	50
1H-26720	Paint PFU Ivory Drop Black Japan, Lbs.	3½
1H-26850	Paint PFU Khaki Heat Resisting, Gals.	½
1H-27000	Paint PFU Maroon No. 41, Gals.	232
1H-27035	Paint PFU A.G. Olive Drab Spraying only, Matte Finish, Gals.	19
1H-27050	Paint PFU Orange Marking, Pts.	1½
1H-27100	Paint PFU Orange No. 57, Gals.	20
1H-27150	Paint PFU Primer Oxide, Gals.	485
1H-27180	Paint PFU Primer White, Gals.	12
1H-27250	Paint PFU Red Amn. Lead Free, Gals.	80½
1H-27270	Paint PFU Red Amn. Lead Free Marking, Gals.	16
1H-27280	Paint PFU Red Amn. Marking, Gals.	37
1H-27300	Paint PFU Red Bright G.S., Gals.	257
1H-27400	Paint PFU Red Oxide, Gals.	5
1H-27480	Paint PFU Red Primer for Amn., Gals.	200
1H-27482	Paint PFU Red Oxide for Amn. Thinner, Gals.	270
1H-27600	Paint PFU White, Gals.	12
1H-27680	Paint PFU White Amn. Marking 1B Spec., Gals.	Nil.
1H-27700	Paint PFU White Flat, Gals.	183
1H-27800	Paint PFU Yellow Amn. Marking 1B Spec., Gals.	4
1H-27900	Paint PFU Yellow Bright, Gals.	876

APPENDIX "B"

PAINTS IN STOCK AT CENTRAL MECHANIZATION DEPOT, LONDON

Nomenclature	Stock
Paint Olive Drab, Gals.	3000
" Gray Preparakote, Gals.	1500
" Primer Oxide, Gals.	338
" Black Bituminous, Gals.	108
" Solution Bitumastio, Gals.	10
" Wood Sealer, Gals.	54
	<hr/> 5010

This statement is available for distribution to the members.

Mr. McGREGOR: While you are on that, you have no statement as to what has been turned over to War Assets?

The WITNESS: I haven't it with me here this morning, but I will be pleased to produce it for you.

Q. I would like to get that by districts when it is submitted.—A. By districts, yes.

The CHAIRMAN: Did you say, "by districts"?

Mr. McGREGOR: Yes.

The CHAIRMAN: They will get that information for you, Mr. McGregor.

Gentlemen, I have been looking over these briefs which have been prepared for submission in reply to the next question or questions. They are very, very extensive and I doubt very much if we will be able to get through with them by one o'clock, particularly if the witness were to attempt to read all the details. I was going to suggest that they be tabled.

Mr. McGREGOR: What was the question, Mr. Chairman?

The CHAIRMAN: I will ask the witness to read it.

The WITNESS: The question as recorded in the minutes (at page 161) was asked by Mr. Probe at the last meeting. He said:

Before we adjourn I should like to have Colonel Denney present either to-day or at the next meeting a break-down of the types of the 1,975 vehicles which are presently held by them on behalf of War Assets, and secondly to bring us figures next day to show the holdings and disposals of the Q.M.G.'s branch thus far, and any other army supply agency which may not have been covered by either Ordnance or the quartermaster-General.

The CHAIRMAN: That is a fairly broad question and has required a rather extensive reply.

Mr. PROBE: I will not ask him to read it, Mr. Chairman.

The CHAIRMAN: It will be taken as read, and filed with the clerk. If there are no other questions to be answered we will adjourn.

Mr. REID: May I ask the Colonel when we may expect the balance of the information on the other districts? He has given us the information with respect to seven districts, when may we expect it for the others?

The WITNESS: Mr. Chairman, as far as we know the declaration of vehicle surpluses, now known to exist will have been completed in approximately three weeks' time. We will be able to call in interim reports before that date if required. The reports here show the advances made in declarations from the date of the report presented at the last meeting up to the 30th of April 46.

Mr. REID: I was just trying to get the British Columbia picture.

Mr. PROBE: We want to see the prairie picture.

Mr. STEWART: Has Colonel Denney an answer to the question asked a little while ago, or would he prefer to wait until the next meeting?

The CHAIRMAN: Would you repeat that, Mr. Stewart; I am not just clear what you have in mind.

Mr. STEWART: Yes, the question of the 23,903 vehicles required, and of that number how many are not yet on hand?

The WITNESS: Of the envisaged requirement of 23,000 odd vehicles for the post war army there are less than a thousand vehicles which are not covered by some form of substitute type. We have, for instance, in the case of certain trailers, technical trailers and so on, required substitutes available for the type of training required until such time as others might be available.

Mr. STEWART: That is not an answer, is it; or, is your answer that about a thousand vehicles are not yet on hand?

The WITNESS: With substitute types that would be about right. About a thousand are not on hand. That is a very rough figure, Mr. Chairman, but we can get right down to the last vehicle by preparing a statement of unit requirements for certain types of technical vehicles. We would show on our vehicle census that a vehicle was deficient with respect to the establishment of a certain unit but somewhere else we would have a substitute vehicle for it. There would be less than a thousand vehicles, I would say, for which we have no substitutes on hand at the present time.

Mr. STEWART: So that roughly, of your requirements of 23,903 vehicles you have 23,000 on hand, very roughly?

The WITNESS: Roughly, that is right, Mr. Chairman.

Mr. REID: Mr. Chairman, I have a matter I would like to bring before the committee. The answer might be given at our next meeting.

The CHAIRMAN: Arising out of this evidence, or new matter?

Mr. REID: It is a new matter.

The CHAIRMAN: Will you be able to dispose of it between now and one o'clock?

Mr. REID: It will only take a few minutes, and if I state it now it will give them time in which to prepare an answer. It is really a matter of privilege. As you know, Mr. Chairman, I recounted to this committee my visit to the Boundary Bay field, and I told the committee something about the information that had been given to me at the field by one of the men there, a sergeant. As you will recall, I said that the field was used by both the air force and the army. Previous to leaving for the Easter recess information came to me that a certain non-commissioned officer there would be or had been severely reprimanded for having spoken to me and for having given me information. I would like Colonel Denney to inquire into the matter, because if such is the case I think a grave injustice has been or is being done. When this sergeant saw me at the camp he naturally asked me what I was doing there. I told him that I was looking over the ground to see what was taking place and I asked him one or two questions which he answered very nicely, he was very courteous. I was very much concerned when I heard that steps were being taken against him, either to reprimand him for having given information to me, or to discipline him for having done something which his superiors may have thought he should not do. On behalf of the individual I have in mind, I am asking Colonel Denney if he would be good enough to bring in a report on the matter to the committee, particularly in view of the fact that I made my report to the committee.

The CHAIRMAN: Colonel Denney, would you care to say something about that?

The WITNESS: All I can say is this, Mr. Chairman: As far as I am concerned, Ordnance here at headquarters has nothing whatever to do with discipline in the districts. It is purely a matter for local administration. I have no knowledge whatever of the case mentioned, and I have no jurisdiction over it whatever. But I do not doubt that if certain army individuals were reprimanded it would be because they had made statements which in the circumstance might have been considered to be improper by the administrative officers concerned. It has nothing whatever to do with us because we do not enter into the picture of discipline at all.

Mr. REID: I wanted to bring it before the committee because it was in this place that I made my statement. My other question has to do with the air force. I find that the air force has become the "silent service", would give no information to me. No one would speak to me at all; and when the proper officer comes before the committee I intend to ask him about that. I brought the other matter up to-day because I thought possibly Colonel Denney might be able to get me some information about the matter.

Mr. McILRAITH: I think that something should be done to check this up, particularly if some sergeant is going to be reprimanded with respect to evidence given before this committee. It is something that should be investigated and should be checked up, and I imagine that could be easily done by having the matter brought to the attention of the appropriate authority.

The CHAIRMAN: Mr. Reid, I will see that a copy of the minutes of proceedings, a marked copy, is sent to the Deputy Minister of Defence.

Mr. REID: Thank you, Mr. Chairman, because on behalf of the sergeant I think it is only fair, having in mind that I made the statement before this committee, that no retaliatory steps should be taken against him, and if they have been so taken or are to be taken, I thought it my bounden duty to bring it to the attention of the committee.

Mr. MCGREGOR: Before you adjourn, Mr. Chairman, I would like to ask a question in regard to the report relating to yachts owned by private individuals and loaned or rented by the government. You will recall that a statement was to have been submitted to this committee showing the amount of money that had been spent on each one of these yachts before they were returned back. I would like to know when we are going to get that.

The CHAIRMAN: I was under the impression that the answer was given at our last meeting, Mr. McGregor. Have you looked at your last minutes?

Mr. MCGREGOR: I do not think so.

The CHAIRMAN: You do not think that you did look?

If there is no further discussion the committee stands adjourned until Tuesday next at 11.00 o'clock a.m.

The committee adjourned at 12.45 o'clock p.m. to meet again Tuesday, May 7, 1946, at 11.00 o'clock a.m.

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(SPECIAL COMMITTEE

ON

WAR EXPENDITURES AND ECONOMIES)

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 8

TUESDAY, MAY 7, 1946

WITNESS:

Colonel William Gordon Denney, O.B.E., Director of Ordnance Services
(Provision), Branch of the M.G.O.

ORDER OF REFERENCE

MONDAY, 6th May, 1946.

Ordered,—That the name of Mr. Murphy be substituted for that of Mr. Macdonnell (*Muskoka-Ontario*) on the said Committee.

Attest.

ARTHUR BEAUCHESNE,
Clerk of the House.

MINUTES OF PROCEEDINGS

TUESDAY, May 7, 1946.

The Special Committee on War Expenditures and Economies met at 11.00 o'clock a.m., the Chairman, Mr. Isnor, presiding.

Members present: Messrs. Benidickson, Black (*Cumberland*), Bradette, Cleaver, Coté (*Verdun*), Golding, Homuth, Isnor, Lalonde, Marquis, McCullough (*Assiniboia*), McGregor, McIlraith, McLure, Probe, Reid, Shaw, Smith (*Calgary W.*), Stewart (*Winnipeg N.*), Winkler.

In attendance: Colonel William Gordon Denney, O.B.E., Director of Ordnance Services (Provision), Branch of the M.G.O.; Air Commodore R. A. London, Director of Equipment Supply, R.C.A.F.; Messrs. H. R. Low and J. S. Irwin, Assistants to the President, War Assets Corporation.

The Clerk read the Third Report of the Steering Committee as appears in the Minutes of Evidence of this day.

On motion of Mr. McCullough, the Steering Committee's Report was adopted.

At the request of Captain G. B. Hope, Assistant Chief, Naval Administration and Supply, the following correction was authorized in his evidence of April 16, viz:—

Minutes of Evidence, Vol. 6, page 138, line 1, column 6, under the heading "How acquired, chartered or bought", for the words "\$672 per month" substitute "\$672 per year".

Colonel Denney was recalled. He submitted answers to a number of questions asked at the previous meeting and was further examined.

Witness also produced a statement being "Return of all properties rented, owned or occupied by the Department of National Defence (Army) rendered 31st March, 1946, for Military Districts 1 to 13" as prepared by the Branch of the Quartermaster General.

On motion of Mr. Marquis,

Ordered.—That the said statement, as well as the statements on holdings and disposals produced at the last sitting, be not printed but filed with the Clerk of the Committee.

With respect to a question relating to the number of vehicles overseas as of June 30, 1945, it was ordered, on motion of Mr. Smith, that the answer given by the witness be treated as confidential and that all references thereto be deleted from the record.

At 1.00 p.m., witness retired and the Committee adjourned until Thursday at 11.00 a.m., with the understanding that Air Commodore London of the R.C.A.F. would be heard at that time.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
May 7, 1946.

The special Committee on War Expenditures and Economies met this day at 11 o'clock a.m. The Chairman, Mr. Gordon B. Isnor, presided.

The CHAIRMAN: Gentlemen, if you will please come to order we will proceed with the order of business. Last Friday, May 3, we held a meeting of the steering committee at which we had several communications and questions. They were considered and the necessary action taken. I am now going to ask the clerk to read the report of the steering committee which dealt with these matters.

The CLERK:

REPORT OF THE STEERING COMMITTEE

Your steering committee met on Friday, May 3rd, and now begs leave to present its third report.

The following matters have been considered by your committee and dealt with as indicated in each case:

1. A request by Mr. Probe for further investigation into the disposal by cities, municipalities or individuals, of donations, etc., that have been returned to the donors as being of no further use to the Navy.

It is felt that the Committee might exceed its powers in pursuing an investigation into this matter. The Chairman was authorized to consult with Mr. Probe with a view to modifying his request so that it may come within the scope of the Committee's order of reference.

2. Questions submitted by Mr. Probe on behalf of Mr. Herridge, (Kootenay West), relating to the operation of the Burrard Dry Dock at Vancouver and to shipbuilding operations on the Pacific coast.

It was brought to the attention of your Committee that most of the information sought by Mr. Herridge had already been secured by the War Expenditures Committee, and the Clerk was instructed to so advise Mr. Herridge, and provide him with any information available in the records.

3. Proposed visit to the head office of War Assets Corporation in Montreal, as recommended in the steering committee's first report of April 2nd.

It is suggested that this visit be made on Monday, May 20, and that it be extended to include an inspection of the Corporation's plant at Verdun, and possibly, of its Cherrier plant at St. Paul L'Hermite, a few miles outside of Montreal. Members, of course, will pay their own expenses.

4. A request by Mr. Smith, "That the affairs of the Company manufacturing aeroplanes and known as "Canadian" be investigated".

The Clerk of the Committee was instructed to communicate with Mr. Smith asking for more particulars on the proposed inquiry, and as to what witnesses he wished to be heard.

5. The following resolution submitted by Mr. Black:—

Resolved: that the activities of the Industrial Shipping Company Limited, at Mahone Bay, Nova Scotia, be investigated and without limiting the generality of the above, the following specific questions be answered:—

1. How many tugs, barges or scows have been made by this Company for the Dominion Government for war purposes?
2. What was the cost of each?
3. Has the building of such tugs, barges or scows ceased? If so, on what date?
4. What deliveries of tugs, barges or scows, if any, have been made since V-E day? Give the specific date of delivery of each.
5. What tugs, barges or scows, built by this Company have been handed over to War Assets Corporation? Give dates of such deliveries and what sales have been made of such tugs, barges or scows, by War Assets, to whom and at what prices have they been sold?

The said resolution was referred to Mr. McLraith, parliamentary assistant to the Minister of Reconstruction and Supply, for report on the questions contained therein.

6. The following request submitted by Mr. McGregor:

“Resolved that an inquiry be made into the cost and ultimate disposition of (1) All naval vessels; (2) All commercial vessels of 1,000 tons and over.

This proposed inquiry was dealt with by the steering committee in its second report adopted on April 9th, wherein it was recommended “that evidence on ships disposed of through War Assets Corporation be heard at an early date following the Easter recess”.

A brief on this subject will be submitted when the officials of War Assets Corporation are recalled for further examination.

7. Your steering committee recommends that at the conclusion of Colonel Denney's evidence, a representative of the R.C.A.F. be called to give evidence on the disposal of surplus equipment so as to complete the record in so far as the three armed services are concerned.

All of which is respectfully submitted.

(Sgd.) GORDON. B. ISNOR

Chairman.

MR. SMITH: Mr. Chairman, there is one slight correction, I think; the name of the company is not “Canadian”, it is “Canadair”.

THE CHAIRMAN: Thanks very much, Mr. Smith. Gentlemen, you have heard the report of the steering committee. What is your pleasure.

MR. HOMUTH: Has Mr. McLraith anything to say as to what was referred to him by the steering committee?

MR. MCLRAITH: That was just a series of questions, and the answers to them are being prepared. It related to a shipbuilding company at Mahone Bay. The return will be brought down shortly.

MR. HOMUTH: Before the motion to adopt the report of the steering committee is put, Mr. Chairman: we have been sitting here now for quite a number of weeks, we have been hearing representatives from various departments of the government for a long time, we have had officials of War Assets before this committee; I feel that we have been re-hashing a lot of old straw. There

are a lot of things which this committee ought to investigate, matters such as have been put forward this morning by the steering committee. I think we should have some understanding now as to how long it is going to take to hear the air force officers and others before we get down to the meat of this investigation; for instance, we want to find out what has been done about shipbuilding. For two or three years we have been talking about investigating the cost of ships and now we come to the sale of ships. We want to know all about them. We are not going to find out about them if we continue to investigate the same way as we are doing now. And there were other matters referred to the steering committee at the commencement of the session. We haven't reached them yet. We are not going to reach them before the session is ended if we continue as we are doing now. There should be some understanding as to just how long we are going to sit here and listen to briefs. As to the future; we do want to know something about the past, and I suggest that we should have some sort of understanding about it.

Mr. COTE: I think, Mr. Chairman, there is some misunderstanding. The committee here is the absolute master of its own proceedings, and the representatives who have come before us have all been requested to come here and submit briefs.

Mr. HOMUTH: I never said they hadn't.

Mr. COTE: They have all come here at the request of the committee and the only briefs which they have presented are in the way of enlightening the members on a particular line of questions we were interested in; and the members themselves are the ones to decide how long these witnesses should stay before the committee. They are here to answer questions put by members, so as soon as the members are through with questioning them we will be through with the witnesses.

Mr. BRADETTE: Hear, hear.

The CHAIRMAN: Thank you, Mr. Cote; that would have been about the same answer as I would have given the honourable member. The policy, with regard to the procedure which was to be followed, was decided by the steering committee and that was approved by the committee as a whole. We are simply carrying out the direction of the steering committee.

Mr. HOMUTH: There is no law against changing our procedure.

The CHAIRMAN: Certainly not, but not at the request of any one member because what we happen to be doing does not fall in line with his way of thinking.

Mr. MCGREGOR: Better start doing something.

The CHAIRMAN: There is a difference of opinion there, I think; but we will not go into that now. Before the committee at the present time is the question of the approval of the report of the steering committee. What is your pleasure, gentlemen?

Mr. HOMUTH: Again, Mr. Chairman, I would like to have some understanding as to how long it will take to finish with the army and the air force?

Mr. COTE: That rests entirely with the members.

The CHAIRMAN: I can only answer that in this way. The steering committee recommended and this main committee approved that we call representatives of the three branches of the armed services. We have already heard and completed the hearing in so far as the navy is concerned, unless we recall Captain Hope. We then decided to proceed with the army which we are now doing; and I think the only way to get a true picture, a full picture, is to carry on with that until we have completed the hearing in so far as the army is concerned. Then it is proposed—and I think we will follow that unless I am greatly mistaken—to call a representative from the air force. After that we will go back through the

material which we have acquired in the meantime from these witnesses, and recall Mr. Berry from the War Assets Corporation to go on with matters which were under consideration when he last appeared before the committee. I had hopes that we would be through with Colonel Denney to-day, as I informed him at the last meeting, so as to proceed with Air Commodore London, representative of the Air Force, and then carry on with Mr. Berry. With that explanation are you prepared to move the adoption of the report of the steering committee?

Mr. McCULLOUGH: I would move the adoption of the report of the steering committee.

Mr. BRADETTE: I will be pleased to second that motion.

The CHAIRMAN: It has been moved by Mr. McCullough, seconded by Mr. Bradette, that the report of the steering committee be approved:

Motion agreed to.

The CHAIRMAN: I will now ask the clerk to read a communication received from Captain Hope:

The CLERK: This is a memorandum which I prepared for the chairman. It reads:—

Captain Hope, who gave evidence before this committee on April 16th, has brought to my attention an error in his statement respecting yachts that were chartered during the war. This will be found on p. 138 of the printed record, line 11, col. 6, where the figures of "\$672 per month" should read, "\$672 per year".

Perhaps you could mention this at the next meeting of the committee so that this correction will appear in the record.

Mr. MCGREGOR: If we are not out of order, while we are on that question, might I ask when we may expect the balance of that report?

The CHAIRMAN: Of Captain Hope's report?

Mr. MCGREGOR: Yes.

The CHAIRMAN: Just what balance of report do you refer to, Mr. McGregor?

Mr. MCGREGOR: The balance of the report on the yachts.

The CHAIRMAN: I was under the impression that that was a complete report. Had you a particular item in mind, Mr. McGregor.

Mr. MCGREGOR: In connection with the report on these yachts I raised a question as to how much money was spent on them while they were in government service.

The CHAIRMAN: In that case you will have to recall Captain Hope to get that information from him.

Mr. MCGREGOR: Well now, this information was asked for at the same time as what has been filed, why is it not here?

Mr. COTE: Was not that rather asked at the time when this table appearing on page 138 was presented to the committee, that was the last day on which Captain Hope appeared here?

Mr. MCGREGOR: I don't know, but I do know that the question has never been answered. That is all I know.

Mr. McLRAITH: Maybe we had better have Captain Hope back.

Mr. BRADETTE: We do not need Captain Hope to answer one question.

The CHAIRMAN: We will make a further search of the minutes and see if there is an answer yet to be given. In that connection, gentlemen, when we adjourned at our last meeting Colonel Denney was before us supplying answers to certain questions. We will now proceed with Colonel Denney's further statement.

Mr. PROBE: Mr. Chairman, on the last day, at the conclusion of the committee meeting, Colonel Denney tabled a very bulky report purporting to be an answer to a question which I asked. The question which I intended to ask Colonel Denney, which does not appear too clearly in the record, was essentially this; would he give to the committee a breakdown of the type of vehicles included in the 1,975 which he has stated to be on hand, or turned over to War Assets, as of May 1st—or, I think it was April 1st—

The CHAIRMAN: No, it was April 30.

Mr. PROBE: And figures to show the holdings and disposals of the Q.M.G. and any other army supply agency with respect to vehicles and vehicles only. He was telling us about sugar, lard and a lot of other stuff that I was not even remotely interested in, that caused his staff a good deal of work. If it was my fault, I apologize, because I had no intention of asking for any such thing, I was merely following the general trend of the information he had given us with respect to the 1,975 vehicles, and I had been asked to get that information from Colonel Denney. Perhaps he could give this to us now; or he could send it to us, to be included in the report.

The CHAIRMAN: I am glad, Mr. Probe, that you have brought up that question because I am going frankly to state that I was disturbed, as chairman of the committee, at the amount of work that request involved—

Mr. BRADETTE: Hear, hear.

The CHAIRMAN: —and I am not being critical when I say this, that a good many questions of a similar nature are being asked; and also to call attention to the fact that I had in mind the tabling of written questions to prevent the recurrence of just such a matter as this. I have taken the liberty of enquiring as to the estimated cost of preparing the answer to that question, and may I say that I was shocked.

Mr. REID: Why?

The CHAIRMAN: I hesitate to put on the record how much it would cost.

Mr. PROBE: We better have it on the record.

Some of the MEMBERS: Yes.

The CHAIRMAN: I was told that while a careful check had not been made, an estimate was provided by the Q.M.G. of the cost involved in preparing the reply to that enquiry and that estimate is \$4,000—\$4,000 for the preparation of an answer which I doubt very much is going to serve the purpose intended.

Mr. PROBE: The question was not asked, Mr. Chairman.

The CHAIRMAN: It is in black and white on the minutes.

Mr. MCGREGOR: Just while we are on that subject you say that the preparation of that answer was going to cost \$4,000?

The CHAIRMAN: Now, gentlemen, I just mention this to try to avoid the asking of questions of such a wide nature without something definite in mind. I think the reference to this committee mentions economy in particular, and I think we should ourselves try to keep within the terms of our reference as much as possible.

Mr. STEWART: Supposing that question had been asked, what would have been the wage cost of those who would have been employed preparing the answer? Were people employed simply to answer it or was this part of general overhead that is being paid anyway?

The CHAIRMAN: As an accountant, Mr. Stewart, you are sufficiently familiar with the business principles and practice to be able to answer that one for us. We all know that if a clerk being employed on a certain type of work is taken off that and required to do work of another type, then obviously the type of work for which his services were intended is being neglected.

Mr. STEWART: But that does not necessarily mean additional overhead.

The CHAIRMAN: It will, in the long run.

Mr. STEWART: That is a debatable point.

The CHAIRMAN: That is what?

Mr. STEWART: That is a debatable point. If there was not additional expense incurred, no new employees hired to do this work, then it might be said that there was no additional overhead.

Mr. REID: Anyone who knows anything at all about business knows that if you have a man working for you and you put him on a certain type of work you apportion his wages as a part of the cost of doing that work. At the same time, if the work that is to be done can be carried on while certain of your staff are taken off and put on special work of the kind involved in the preparation of a special answer as indicated here, then is it not the indication that more staff is being employed than are needed.

Mr. BRADETTE: I believe that Mr. Probe has answered your question, because he said very definitely that he had not intended to have that included in the question which he asked. Then too, Mr. Chairman, I think your suggestion is a good one, that questions should be put in writing. I believe that would be a very good idea, it will make the questions more concrete, more precise. Had it been done in this case, Mr. Probe would have received the answer in which he was interested.

Mr. PROBE: I did not get the answer I wanted at all.

The CHAIRMAN: Shall we proceed?

Mr. McILRAITH: Just before you proceed, Mr. Chairman, as I understand it there is a provision here that all answers must be printed; are we going to have a voluminous return of the type I see before you there on the table printed in our record? We are talking about economies, that might be a good place in which to start.

The CHAIRMAN: Again, perhaps I am at fault. I instructed the clerk not to have this material printed in the minutes of proceedings, I hope that meets with your approval, gentlemen.

Mr. MARQUIS: If we need a motion, I will move that that return be not included in our printed report.

Mr. BENIDICKSON: What is the title of that return?

The CHAIRMAN: It is a return of properties rented and owned or occupied by the Department of National Defence—army, up to March, 1946, for Military Districts 1 to 13; and there is another one on real estate—summary of properties disposed of by D.M.D. army branch of Q.M.G. from the end of May, 1945 to the 31st of March, 1946; and there is a further report from the Q.M.G., and one from the Adjutant General.

There is a motion by Mr. Marquis, seconded by Mr. Benidickson, that these returns be tabled and filed with the clerk but not printed. What is your pleasure, gentlemen?

Motion agreed to.

The CHAIRMAN: Colonel Denney, will you proceed with your presentation?

Colonel William Gordon Denney, O.B.E., Director of Ordnance Services (Provision), Branch of the M.G.O., recalled:

The WITNESS: There is one thing I would like to clear up. I believe somebody mentioned the fact that the answer to the question to which you have been referring with regard to the report by the Quartermaster-General and the Adjutant-General had not been completed insofar as the part on vehicles was concerned. I might point out, Mr. Chairman, that we gave a statement of those vehicles at the last meeting, and it had increased from some 1,975 to over 4,000.

The CHAIRMAN: That would be included, I take it, in the report of the last meeting; is that so?

The WITNESS: Yes, Mr. Chairman.

The CHAIRMAN: Then I believe you have answers for some questions raised at previous sittings.

Mr. PROBE: Before you leave that; my question I think was misinterpreted, because I was interested in vehicle holdings of branches other than Ordnance, vehicles which might have been disposed of by branches other than Ordnance. And now, I assume that this represents simply Ordnance disposals and someone here might answer if the Q.M.G. or any other army supply agency has disposed of vehicles to War Assets, or whether they were all disposed of through Ordnance channels. That was the purport of my question.

The WITNESS: Mr. Chairman, I cannot refer to the exact part of the previous minutes, but I explained to the committee that the handling of property and stores was divided into certain groups of equipment, and I mentioned that Ordnance had all equipment; and somebody wanted to know if any other branch had equipment. Then I gave a breakdown of the responsibilities of the Master General of the Ordnance and the Quartermaster General, and went on to explain carefully that Ordnance, under the Master General of the Ordnance, has the custody of all equipment other than that which has been reported by the Quartermaster General and the Adjutant General, and accounted for all vehicles and all equipment except what has been stated in the report; that, roughly, includes all real estate, specialized dental equipment, specialized medical equipment; and all the other stores and equipment belong to us except rations, and gasoline, oil and lubricants.

By Mr. Probe:

Q. In other words, all things with motors are disposed of by you?—
A. They are declared surplus by the Ordnance.

By Mr. Smith:

Q. I have a very definite question of which the witness might, perhaps, take notice. It will be simple. What I want to know is: how many vehicles were shipped by the army from Alberta to points in Ontario. I think that is a simple question and the answer can be found without difficulty.

Mr. BENEDICKSON: After any particular date, Mr. Smith?

Mr. SMITH: All I want to know is: how many were shipped by the army from Alberta to points in Ontario and I also want to know, from War Assets, how many were shipped back to Alberta.

The CHAIRMAN: The first part of your question, Mr. Smith, is now in the course of preparation and will be tabled.

Mr. SMITH: May I ask also, in connection with the discussion between yourself and Mr. McGregor—whether the question was asked or not, is not

important—it seems to me, but I would really like very much to know what money has been spent on reconditioning or repairing these yachts, upon returning them to their owners. That is a simple question and I believe we could find some one who could tell us.

The CHAIRMAN: I am quite sure we could get that information, Mr. Smith. Very well, your first question, Colonel Denney?

The WITNESS: Mr. Chairman, I have prepared a list of the questions asked at the last meeting and I have had them written out so that there will be no doubt as to what we are answering. If the committee would like to have a copy of these questions one of my assistants would be pleased to distribute them.

The CHAIRMAN: Very well, if you please.

Mr. SMITH: While the documents are being distributed, I would like to know in addition to the shipment of those vehicles, what it cost to get them down from Alberta.

The CHAIRMAN: I think that is also a part of the question that was raised at the last meeting and the information will be supplied.

Mr. SMITH: Thank you, Sir, I am sorry I was not here; in fact I was playing hookey.

The CHAIRMAN: Well, we are very pleased to see you here with us to-day. The answer to question number one asked by Mr. McGregor, Colonel Denney? Gentlemen, just before Colonel Denney gives his reply, would you be good enough to complete one question before we go on to another question. For example, when we go to question number two unless there is something very very important that occurs to you, will you consider question one as answered and carry on with number two or number three, and so on.

The WITNESS: We have had the answers duplicated in sufficient copies for distribution. This is the answer to question 1A and 1B. Now, Mr. Chairman, if I may proceed: you have before you our detailed report in answer to the first part of question one asked, I believe, by Mr. McGregor and Mr. Probe:—

Vehicles returned and to be returned from overseas and their relative newness.

VEHICLES RETURNED FROM OVERSEAS

Type	CLASSIFICATION				PROGRESS	
	Authorized	New in boxes	New on wheels	Used on wheels	Quantity returned	Quantity still to be returned
Armoured cars.....	100			100	99	1
A.C.V. (H.P.).....	All available			11	11	
A.C.V. (L.P.).....	All available			28	28	
Carriers—Universal.....	600		600		600	
—4-2" mortar.....	50			50	50	
Tanks—A.R.V.E.....	1			1	1	
—recovery.....	1			1		1
—light M24.....	12			12	12	
—St. East. Ramp.....	2			2		2
—flail.....	1			1	1	
—flame thrower.....	1			1		1
17 pdr. SP tracked.....	140			140	121	19
Motorecycles—solo.....	500	500			500	
Cars—5 cwt.....	994	644		350	994	
—5 " ambulance.....	1			1	1	
Trucks—H.U. cipher office.....	2			2	2	
— " mach "ZL".....	59			59	45	14
— " ambulance.....	9			9	9	
—15 cwt. wireless.....	300	36		264	257	43
— " bty. chg.....	58			58	58	
— " F.F. wireless.....	504	125	379		478	26
— " mach "KL".....	100			100	69	31
— " water.....	110			110	46	64

VEHICLES RETURNED FROM OVERSEAS—Continued

Type	CLASSIFICATION				PROGRESS	
	Authorized	New in boxes	New on wheels	Used on wheels	Quantity returned	Quantity still to be returned
Lorries—3 ton chass. and cab.....	66	66			66	
3 " GS bodies.....	151	151			134	17
3 " " stores.....	12			12	6	6
3 " stores Mk. II.....	2	2			2	
3 " disinfecter.....	2	2			2	
3 " derrick.....	138	12	100	26	138	
3 " dental.....	74	6		68	74	
3 " bty. storage.....	28				28	
	259	164	95		259	
3 " ambulance.....	6 bodies	6			6	
3 " mobile kitchen.....	68		68		68	
3 " 40 M.M. SP.....	125			125	125	
3 " dump.....	145	145			145	
3 " Mach "A" Mk II.....	10	1	9		10	
3 " Mach "B" Mk II.....	4	2	2		4	
3 " Mach D.I.....	10			10	10	
3 " Mcab "F" Mk II.....	2	2			2	
3 " Mach I.....	40			30	27	3
3 " Mach 1-30.....				10	10	
3 " Mach "J".....	27	15		12	27	
3 " Mach "M" Mk II.....	47	27		20	47	
3 " Mach. "Z" Mk II.....	16	13		3	16	
3 " tire recpa. unit.....	1			1	1	
3 " sigs. cable layer.....	14			14	14	
3 " instrument repair.....	5			5	5	
3 " command HP.....	32			32	32	
3 " command LP.....	62			62	62	
3 " wireless I and R.....	3		3			3
3 " T.E.V. (div.).....	11		11		11	
3 " cipher office.....	14		14		13	1
3 " sigs. constr.....	24		24		24	
3 " power auger.....	12			12		12
3 " wireless C.33.....	88			88	64	24
3 " wireless 52 set.....	4			4	4	
3 " Binned sp. prats.....	1			1		1
3 " amphibious M.29C.....	3			3	3	
Lorries, 3 ton 6 wh.—Stores.....	261	173	88		207	54
Spec. stores.....	1			1	1	
X Ray.....	2			2		2
Camera.....	2	2			1	1
Dark room.....	2	2			2	
TEV (Corps).....	4			4	4	
TEV (Army).....	4			4	4	
Printing.....	5			5		5
Switchboard.....	4			4	4	
Chassis/Cab.....	20	20			9	11
Mach. "A".....	22	3		19	22	
" "B".....	8	3		5	8	
" "C".....	7			7	7	
" "D".....	4			4	4	
" "F".....	10	2		8	10	
" "L".....	12	6	6		12	
" "Z".....	34	6		28	27	7
" "CZ".....	6	6			6	
" RE. 7½						
KW.....	13			13	13	
C.W. Lab.....	6			6	6	
Research Unit.....	1			1	1	
Petrol Lab.....	1			1	1	
Bact. Lab.....	3			3	1	2
Lorries, 4 ton special stores.....	1			1	1	
Chassis/Cab.....	All available		109		109	
Caravan.....	1			1	1	
Mach. Q.M.G. Maint.....	1		1		1	
G.S.....	200	104	96		200	
F.B.E.....	60			60	60	
Pontoon.....	100	46	54		100	
Crane.....	All available			9	9	
Mach. "H".....	4			4	4	

VEHICLES RETURNED FROM OVERSEAS—*Concluded*

Type	CLASSIFICATION				PROGRESS	
	Authorized	New in boxes	New on wheels	Used on wheels	Quantity returned	Quantity still to be returned
Lorries—4 ton mach. "M".....	83	2		81	77	6
" RE. 25KW.....	13	1		12	13	
6 ton G.S.....	200	2		198	199	1
10 ton printing.....	4	4			4	
photo mech.....	4	4				4
	385	185		200	385	
Lorries—10 ton G.S.....	9 bodies	9			8	1
Tractors—F.A.....	778	778			778	
Lt. A.A.....	169	169			169	
breakdown med.....	156	96	60		156	
" heavy.....	65	1		64	65	
D. 4.....	All available			14	14	
D. 6.....	"					
D. 7.....	"			8	8	
D. 8.....	"		4		4	
T.D. 18.....	"			4	4	
Transporters—20 ton.....	42			42	24	18
{ 1 trailer			1		1	
30 ton.....	6			6	2	4
40 ton.....	20			20	10	10
Trailers—DF Sigs.....	6			6	6	
20 cwt. chassis.....	15	15			15	
generator 2 KW.....	34			34	34	
" 4 KW.....	20			20	8	12
" 9 KW.....	64			64	50	14
" 15 KVA.....	9			9	9	
" 22 KW.....	42			42	42	
" 25 KW.....	17			17	17	
" PE 95.....	12			12	12	
gas welding.....	105		28	77	91	14
W/S servicing.....	50	23	27		50	
pole.....	13		13		13	
water.....	144		34	110	144	
A.A. command post.....	6			6	5	1
compressor.....	All available			132	132	
sterilizer.....	2			2	2	
arc welding.....	11			11		11
Q.M.G. Maint.....	2			2	2	
mach. grind and brake.....	20		10	10	20	
mach. 60 ton press.....	16		10	6	16	
compressor heavy.....	9		6	3	6	3
Lt. recovery.....	50	26	24		50	
quickway shovel.....	3		3		3	
cable plow.....	2			2	2	
special stores.....	1			1	1	
office.....	1			1	1	
Semi-trailer laundry.....	5			5		5
Mobile flash spotting tower.....	6			6	1	5
Trucks U.S. Type SCR 299 set.....	2			2	2	
Trucks U.S. Type SCR 399 set.....	2			2	1	1
Total.....	8,773	3,607	2,107	3,059	8,312	461

NOTE: Where "All Available" is shown in the column captioned "Authorized" the totals of the remaining three columns have been used in order to arrive at the total "AUTHORIZED."

On the last page of the first part of that question are the totals under the classification. The first column shows you the quantity authorized for return, namely, 8,773; new in boxes, 3,607; and new on wheels, 2,107; and used on wheels, 3,059; and the total quantity returned so far 8,312; and the quantity still to be returned, 461.

By Mr. Stewart:

Q. Might I ask as of what date this is?—A. Mr. Chairman, this will be as of the 4th of May, 1946.

The CHAIRMAN: Last Saturday morning. Do you wish any enlargement, Mr. McGregor or Mr. Probe?

By Mr. McGregor:

Q. Do I understand the witness to say that all these goods being brought back are to be kept in the army and that they are not for sale?—A. That is correct, Mr. Chairman.

By Mr. Probe:

Q. And may I ask further: they are brought back because there are none of this type available in Canada, or none that fill the complement that you require?—A. Yes, they are brought back because we have either none of the type mentioned; or, (b) we have not sufficient quantities of the types that are brought back.

By Mr. Reid:

Q. After they are returned, do they go before you, or before other officers to have it determined which of these will be turned over to War Assets, or, is there a decision made?—A. We hope that all the vehicles are in such condition that none of them will be turned over to War Assets.

The CHAIRMAN: I consider that an answer, gentlemen. Very well, 1B.

By Mr. McGregor:

Q. I see trucks and ambulances and all that sort of thing here. Do I understand that there are none of these things in this country and that they are bringing them back here?—A. Not sufficient to meet post-war requirements of the army.

Q. Take, for instance, mobile kitchens and ambulances and all that sort of thing, and dumps. What does dumps mean? A dump truck and lorries, on the second page down, the seventh one down, 145 dump. What does that mean?—A. Looking at the top of the page we have lorries, 3-ton, and then below that we have the marks ditto, showing all of these down the page to be lorries, 3-ton of various types. Lorries 3-ton simply refers to dump trucks or a lorry because, in the army, anything over a 30-cwt. is usually referred to as a lorry rather than a truck, according to the British system of nomenclature.

Q. You say that these 145 dump trucks after they are brought back are going to be kept in the army?—A. That is correct, Mr. Chairman.

By Mr. Black:

Q. Where do they go for storage or for use?—A. With regard to the final disposition of them, if they are stored we expect to store them at various places throughout Canada that will be an advantage from a strategic point of view, and from an economic point of view as far as shipping them to the units as required.

By Mr. McGregor:

Q. Will you just tell me what the army is going to do with these 145 dump trucks; where are they going to put them to work?—A. I cannot answer a question as to what would be done with an individual vehicle, but I can tell you the type of work they will be required to do. For instance, at the present time, the army is required to maintain 1,500 miles of highway and that requires a little shifting of dirt. Then there are other projects which our engineers have to do, such as repairing roads within military compounds, building grades, and so on.

Q. And you say that they have not got enough dump trucks? Maybe it would be a good idea if we knew how many dump trucks they have in Canada at the present time, so that we could have an idea where these 145 dump trucks are going to be used?—A. We can answer that question, Mr. Chairman. The total number, the total holdings of dump trucks or lorries, 3-ton dump, as at this date is 342.

By Mr. Stewart:

Q. Does that include the 145?—A. That is inclusive of the 145 that were brought back from overseas. They were new and in boxes. Of the 342, 84 were declared to War Assets because they were either (a) not in mechanical condition required by army standards; or, (b) they were of a commercial type not suitable for the army engineers.

By Mr. Probe:

Q. Mr. Chairman, has the witness a special category known as the F.W.D. truck? Is it included among any of these groups specified here?—A. Mr. Chairman, while I can give you information with regard to the F.W.D. or 4-wheel drive trucks of that particular commercial make, none of them were brought back from overseas, but with regard to the holdings in Canada, if we have any I can give you the answer to that.

Mr. BENIDICKSON: With respect to the—

The CHAIRMAN: Just a minute now, Mr. Benidickson.

The WITNESS: We have a stock of 273 S.W.D.'s, 200 of which have, in their cases, been declared surplus to War Assets.

By Mr. Benidickson:

Q. How many?—A. 200.

By Mr. Probe:

Q. I have one further question. Of all the types mentioned here, have any new vehicles in Canada been declared surplus to War Assets Corporation?

The CHAIRMAN: That is included in this particular list?

Mr. PROBE: Included in this list, because if there were, there would be no reason to have them returned from overseas. That is why I asked.

The WITNESS: May I have a little clarification of that question because there seems to be some little misunderstanding?

Mr. PROBE: My question is this. Were any new vehicles held in Canada declared surplus of the same type as any of these on the lists just presented to the committee?

Mr. BENIDICKSON: It does not matter whether in Canadian shops or otherwise.

Mr. PROBE: There would be no reason for returning these from overseas. If they declared some surplus that were new here in Canada, then the Ordnance department has pulled a boner, I would say.

The WITNESS: This is a statement with regard to surplus vehicles returned from overseas. The following boxed vehicles returned from overseas have been declared surplus to War Assets Corporation. Lorries, 3-ton ambulances 142; lorries, 3-ton, dump 84; field artillery tractors, 290; the Morrison Mission which was despatched overseas in July, 1945, was authorized to order the return to Canada of new and used vehicles in class 1 condition, required to equip the post-war army, in accordance with the tentative plans available at that time. Changes in the requirements were made from time to time, however.

and in consequence surpluses were developed by corresponding reductions in requirements. The type of vehicles declared surplus were in urgent demand by other governments, and it is understood that the War Assets Corporation had a ready market.

By Mr. Probe:

Q. Is there likely to be an extension of this policy now that we have brought more of these vehicles back from overseas than the army thinks it will need and that, in the next couple of months you will declare more surplus? —A. As far as I know the requirements are relatively firm, as far as can be estimated under present conditions.

By Mr. McGregor:

Q. Do I understand you to make the statement now that identically the same articles that have been returned from overseas have, prior to this time, been turned over to War Assets?—A. I have read the statement.

Q. Well, is that what the statement means?

Mr. McILRAITH: November 4 or 5?

Mr. MCGREGOR: I asked the question the other day and I was distinctly told that none of these, coming back from overseas, was turned over to War Assets, and that statement was made by the witness. Now, we find out today that they sold similar stuff to War Assets either before or after this stuff came back from overseas.

Mr. McILRAITH: And put the materials to use for veterans' hospitals.

Mr. MCGREGOR: The answers are just about as clear as mud. That is about as clear as they are. I do not think it is fair for a witness to come here and tell us what the witness has told us in the last day or two. We certainly had a clear understanding that these things were brought back because they were special pieces of equipment required for the army. Now we find they are turning them over to War Assets; whether these very things or the same type of thing is another story.

Mr. MARQUIS: Perhaps we might ascertain why these vehicles, brought back from overseas, have been turned over to War Assets? Perhaps there is some reason for doing that, such as following a new examination and a change of condition.

Mr. BENIDICKSON: The witness said they went for the use of other governments. Were they sold only to governments.

Mr. HOMUTH: This witness cannot answer that question.

Mr. McILRAITH: The witness did say why they were declared as surplus.

Mr. HOMUTH: Because the government kept changing its mind.

Mr. McILRAITH: That is right. He said when the Morrison Commission went overseas this is what they required or decided.

The WITNESS: That is correct, Mr. Chairman.

Mr. MCGREGOR: But that is not the point I am concerned about.

The CHAIRMAN: Mr. Smith, please.

Mr. SMITH: Perhaps we might clear it up to some extent if we could find when they were turned over to War Assets, or when they determined to turn them over to War Assets.

The WITNESS: As far as can be estimated, I think it would be within the past two or three weeks, since the policy with regard to the total requirements of the army have become more firm. I would like to point out, Mr. Chairman, that an estimate of the requirements for the post-war army immediately at the cessation of hostilities takes considerable calculation and

investigation, and that the vehicles were in the United Kingdom and in Europe and that there were great demands for them from overseas as well as from here, and that it was a matter of acquiring vehicles, estimating as closely as we could at that time, and I think that to come within 500 of the requirements was a fairly good reckoning on the part of the General Staff, who did the calculating practically ten months ago.

Mr. BLANCHETTE: It certainly was.

The WITNESS: And further, I would like to say that the average cost of bringing a vehicle back from overseas was \$500, but the average value of the vehicle was \$10,000 each, and when they were subsequently disposed of by War Assets I think the \$500 would be more than recovered.

By Mr. Smith:

Q. But you do not know what War Assets got for them?—A. I do not know that.

Q. Well then, perhaps you had better not touch on that, but leave that for somebody else.

The WITNESS: But, as far as we are concerned, we declared them to War Assets immediately we knew they were no longer required; but we do not ordinarily turn material over to War Assets and then buy it back again.

By Mr. Reid:

Q. When these things are brought back, are they taken to one central depot in Canada, or are they distributed according to the needs of the various units?—A. I believe I answered that question before, that we would distribute them from a strategic and economic viewpoint.

By Mr. Marquis:

Q. Were these vehicles used when they were brought back?—A. The majority of them, Mr. Chairman, were boxed vehicles. May I make a correction, my assistant says they were all boxed.

By Mr. Probe:

Q. With respect to the 200 F.W.D's returned by Ordnance, or turned over by Ordnance to War Assets, what were the dates at which these were turned over to War Assets, please?—A. I am informed it was ten days since the declaration went forward to War Assets.

Q. Would that be for all of the 200?—A. They were all forwarded on a declaration ten days ago, to the total of 200.

Q. And none previous to that?—A. Not by the Canadian army, Mr. Chairman.

Mr. STEWART: There are eight questions here either answered or to be answered and in view of the comments already made about the expenses of asking these questions I would like to know what the cost was of answering these questions, over and above the present organizational overhead. Were new people employed to answer these questions apart from the general routine, and did it involve additional expenses?

The CHAIRMAN: I was hoping we could stick to the order of these questions.

Mr. STEWART: I am willing to do that, but the impression I have about the question asked by Mr. Probe, the cost being \$4,000, I dispute that.

Mr. REID: I want to know how many hours and minutes they put in.

The CHAIRMAN: Gentlemen, are you ready for the next part of this question?

By Mr. Shaw:

Q. Before proceeding to the next question, I would like to ask Colonel Denney if the army have, at any time, acted as agents for War Assets Corporation in the disposal of surplus equipment? I know that was the case with the Royal Canadian Air Force, but I shall pursue that later. Has the army at any time acted as agents for War Assets Corporation and disposed of any surpluses whatsoever; and if so, I would like a complete statement of such disposals carried out by the army.

The WITNESS: We will prepare that for the next meeting, Mr. Chairman.

Mr. MCGREGOR: I think we should, in view of the fact that I do not think the answers have been satisfactory that we have got. They said that this stuff would be shipped into this country and passed around in an economic way. I would like to know the cost of bringing this stuff back, where it went to, and the central distribution points?

The CHAIRMAN: I think you will find that answer directly in front of you, under the heading, 1B. Will you proceed, Colonel Denney?

The WITNESS: You have before you the statement, Mr. Chairman, of the cost of vehicles returned from overseas. Paragraph 1 reads:

Canadian military headquarters have estimated that the ocean freight paid in the United Kingdom on vehicles and bodies returned to Canada will amount to \$1,955,340.

Inland freight paid in Canada for the movement of the vehicles from seaboard is estimated by the director of movements to be \$625,540.

Total freight costs for the movement of all vehicles returned and to be returned is estimated at \$2,580,880.

It should be noted that all charges for services rendered to the Canadian army overseas, including ocean freight charges incurred in this connection, up to 1 March 46, were absorbed by the recent financial settlement between Canada and the United Kingdom. In effect, therefore, the Department of National Defence has had to expend only the \$625,540 charge for inland freight from funds allotted in the 1945-46 fiscal year.

Mr. REID: My first question is regarding Item No. 1. That was just an estimate of what would be paid out. I am intrigued by the item of ocean freight, \$1,955,340 as against the movement in Canada; train freight is usually much more dear than ocean freight, but there you show ocean freight higher than the figure for rail freight. That is why I am just wondering whether your question No. 1 is merely an estimate. Section 4 of your answer explains what has been assumed by the regulation agreed upon between Canada and the United Kingdom.

The WITNESS: In coming to the financial arrangements agreed by the Department of National Defence and the United Kingdom certain figures came into consideration. We anticipated that the cost of freighting vehicles to Canada might be asked and we therefore asked Canadian Military Headquarters to give us the cost of the ocean freight. We received this answer cabled from Canadian Military Headquarters last Saturday morning.

Mr. HOMUTH: Mr. Chairman, part 4 of that answer is all right for the purpose of polishing up the cost, but could he give us the actual cost to the Canadian government, regardless of whether it is for the Department of National Defence or anything else—the cost to the Canadian government was \$2,580,880.

The WITNESS: The statement in paragraph four is the amount of funds which came out of the 1945-46 fiscal year, Mr. Chairman.

Mr. PROBE: Mr. Chairman, could he give us the proportion of inland freight as between the Canadian Pacific Railway and the Canadian National Railway?

Mr. CHAIRMAN: You want a breakdown as to the division between the C.P.R. and the C.N.R.?

Mr. PROBE: A division of the expenditures, yes.

Mr. HOMUTH: Just a minute, do you want a division of how much might go to each railway, or do you want to know why there is a heavier charge there?

Mr. PROBE: No, a division of the total cost.

The WITNESS: Mr. Chairman, I can prepare that answer, but I would like to point out also that the New York Central Railways is involved.

Mr. PROBE: Include them in there, with any other carriers.

The WITNESS: We will include the New York Central, or any other railway company or carrier involved in this freight in Canada.

By Mr. Reid:

Q. Would any shipments be made through the Panama Canal to the Pacific coast, and if so, would it be shown there?—A. No, Mr. Chairman.

Mr. REID: I asked that question because vehicles shipped to British Columbia would involve a considerable expenditure.

By Mr. McCullough:

Q. Does ocean freight include transportation to England from France, or the continent, including the cost of putting them on ship board? There should be some cost in shipping them to England, to the United Kingdom, from France or anywhere else—say Holland or Germany.—A. I point out that those vehicles were handled by military personnel involving what is considered as a military operation. I do not think any calculation of the charge of moving those vehicles from one place to another by the army was taken into consideration anymore than when we first concentrated them in Holland from Germany; that is not included either, that is part of a military operation.

Mr. PROBE: Would not this be a military operation, preparing the answer to the question about which you are speaking and with respect to which an estimate of \$4,000 cost was given?

The WITNESS: I have not made any statement with regard to the expense, I was trying to avoid it.

The CHAIRMAN: Next is question No. 2 asked by Mr. Stewart:

Mr. MCGREGOR: Having gone this far, we may as well go a little further. We have been given the cost of bringing these vehicles over to this country, I want to know what these goods were worth when they landed back in this country; I want to know at what price these goods were sold by War Assets—I suppose we will have to get that probably from War Assets later on.

The CHAIRMAN: The first part of your question can be answered at once.

Mr. MCGREGOR: All right.

The WITNESS: Mr. Chairman, there are a great many questions coming at us. We will do our best to answer them as fast as we can. I believe you wanted to know the total value of the vehicles returned from overseas: That total is \$47,855,500. That figure is an estimate, of necessity, as many of the vehicles were not manufactured wholly within Canada and therefore we are not in possession of all the manufacturing cost.

The CHAIRMAN: Mr. Smith, you had a question:

By Mr. Smith:

Q. A while ago we were given a figure of the cost of bringing these vehicles back, \$500 each. As I said, I was trying to help the witness. On the basis of the figures I have before me here, which I have worked out, it is less than \$300. Where do you get the \$500?—A. I was trying to give you an estimate on various

types of vehicles in round figures, saying that the average cost of the vehicles would be somewhere around \$10,000, and the cost of bringing that \$10,000 vehicle over would be roughly \$500. Of course, that varies, and I did not give that as a definite figure, it was purely an estimated figure to indicate what it would cost to bring a vehicle of that value back from overseas.

Q. If you take the number of vehicles you are going to bring back and divide that into your estimated cost, you get a figure under \$300, therefore I was wondering where you got the \$500?—A. I said it was just an estimated figure that I previously gave, the exact figure I would expect would be considerably lower. I was using it as a very low figure.

Mr. SMITH: I think you have got it very high.

Mr. MCGREGOR: High! Very nearly doubled.

Mr. SMITH: Was it a guess, an intelligent guess, or what?

The WITNESS: It was an estimate that I just made on the spur of the moment, knowing approximately what it costs to ship a car or truck overseas. I did not calculate it in detail.

Mr. MCGREGOR: Yes. Mr. Chairman, this evidence that is given here by these witnesses, whether it is the case of this witness or any other, is being put down in our record for the people of this country to read; and if witnesses cannot answer questions better than what has been done here, then I think from now on all witnesses should be put under oath.

Mr. BRADETTE: Mr. Chairman, I do not think that is a fair statement to make. Many of the questions which have been put to this witness have been most complicated in their nature, and I venture to observe that most of the members of this committee being placed in a similar position would have found it most difficult indeed to answer them. Some of the questions put were not clear cut, some were very elaborate; and, particularly when we ask for an estimate we do not expect to get a precise figure. As far as this witness and other witnesses who have appeared before us are concerned, I think they have answered to the best of their knowledge and ability; but with respect to some of the questions which are asked I would say that it is humanly impossible to answer them.

Mr. MCGREGOR: But we expect them to be a little closer in their answers than in this case, there is a discrepancy here of nearly a hundred per cent.

Mr. BRADETTE: Do the estimates you make in connection with your own business always turn out as well, are you always as close to the mark as that?

Mr. SMITH: This is a lovely fight, I would like to get in on it. I cannot hear what is going on.

The CHAIRMAN: I would like to get in on it too. Shall we proceed with the next answer?

The WITNESS: Mr. Chairman, may I say this: I ask for the protection of the chair. A statement was made with regard to the effort on the part of myself as witness to answer these questions. I would ask that that statement be removed from the minutes, unless you want to find that I am not giving in the evidence to the best of my ability, the truth; and, regardless of whether I or any of my assistants are under oath or not, I can assure you that to the best of our ability the answers given are the whole truth and nothing but the truth.

Mr. MCGREGOR: The evidence will show that.

Mr. BRADETTE: Hear, Hear; it will show that.

The CHAIRMAN: Well, Colonel Denney, I can only say that the chairman from time to time is subject to criticism; and witnesses appearing before this committee are bound to be subject to that same type of criticism. I am sure that

the minutes themselves will speak in such a way that the average reader will understand them. Are we ready for question No. 2 asked by Mr. Stewart?

The WITNESS: The answer to that, Mr. Chairman, is that the answer will not be ready until the 9th of May, as far as we can estimate at the present time.

The CHAIRMAN: Then shall we proceed to question No. 3 and its answer?

The WITNESS: The answer to No. 3 is available for distribution, Mr. Chairman.

The CHAIRMAN: Gentlemen, there are two parts to this question, one known as 3(a) dealing with vehicles at Halifax, as requested by the chairman; and the other, 3(b) a statement of vehicles in the New Westminster-Vancouver area requested by Mr. Reid.

STATEMENT OF VEHICLES IN HALIFAX AREA

Units Located Within a 15 Mile Radius of the City of Halifax	Vehicles In Use	Vehicles Declared to WAC
A-23 C. and A.A. Arty. T.C.	23	....
No. 1 Port Coy. R.C.A.S.C.	5	....
No. 37 Coy. Cdn. Prov. Corps	50	....
No. 106 Depot Coy C.W.A.C.	2	....
H.Q. Halifax Fortress	2	....
No. 6 District Depot	11	....
No. 6 District Coy. R.C. Sigs.	26	....
H.Q. Fixed Defences E.C. R.C.A.	7	....
No. 6 Dist. Est. R.C.A.	20	....
No. 6 Dist. Coy. R.C.A.S.C.	136	....
No. 6 Ord. Depot Coy. R.C.O.C.	77	43
Special Dist. Depot R.C.O.C.	16	....
No. 1 Mobile Amn. Repair Unit	3	....
No. 9 Mobile Laundry Unit	2	....
No. 26 Coy. C.D.C.	2	....
No. 50 Coy. C.D.C.	5	....
No. 6 Coy. R.C.E.M.E.	35	....
Johnston Magazine R.C.O.C.	2	....
Reserve Army Vehicle Pool	137	....
Sr. Aux. Services Officer M.D. 6	6	....
No. 6 E.S. & W. Coy. R.C.E.	116	....
Totals	684	43
Total Holdings		727

All the above vehicles are in use at present, with the exception of forty-three (43) vehicles at Ordnance Depot, Halifax, which have been reported to War Assets Corporation for disposal.

STATEMENT OF VEHICLES IN NEW WESTMINSTER-VANCOUVER AREA

Units located within a 15-mile radius of the cities of

New Westminster and Vancouver	Holdings
No. 10 Area Sig. Coy. R.C. Sigs.	37
S-20 Jap Language School	3
No. 41 Coy. C. Pro. C.	24
No. 111 Depot Coy. C.W.A.C.	2
H.Q. Pacific Command.	4
No. 11 Dist. Depot.	17
No. 11 Armt. Maint. Est. R.C.A.	3
No. 11 E.S. & W. Coy. R.C.E.	59
No. 1 Depot P.C. R.C.A.S.C.	90
No. 31 Coy. C.D.C.	3
Emb. Office Vancouver.	1
Reserve Army Vehicle Pool.	218
Vancouver Det. R.C.E.M.E.	26
No. 11 Ord. Depot Vancouver.	414
Total.	911

Approximately fifty per cent (50%) of the four hundred and twenty-four (424) vehicles located at No. 11 Ordnance Depot Vancouver are in the process of being declared to War Assets Corporation for disposal.

Mr. REID: I know that everyone will be disappointed if I do not ask a question about the Japanese. I notice an item here about three vehicles held by the Japanese language school.

Mr. BRADETTE: Leave the Japanese question alone, please.

Mr. REID: The only reason I raised the Japanese question is because I notice they have three vehicles.

The CHAIRMAN: Did you ask a question, Mr. Reid?

Mr. REID: Yes, about the second of these statements which have just been given to us, the 3 (b) I think you called it—3 (a) gave the information you wanted about the vehicles at Halifax, and 3 (b) gives the information about the New Westminster-Vancouver area, and I want to ask a question about that.

The CHAIRMAN: That is quite in order, the Chairman always gives way to the west.

Mr. REID: I think that is very nice of you, Mr. Chairman.

The CHAIRMAN: Will you now ask your question, Mr. Reid?

Mr. REID: My question was, I notice that in the Vancouver-New Westminster—to keep the records straight it says, "New Westminster-Vancouver area" (that is all right with me)—at the Japanese language school there are three vehicles. I was just wondering why three vehicles were required for that school?

The WITNESS: I do not know the answer to that question. We can find it out.

Mr. HOMUTH: With regard to the statement at the bottom of the page of vehicles in the New Westminster-Vancouver area, there are 424 located at No. 11 Ordnance Depot, Vancouver, which are said to be in the process of transfer to the War Assets Corporation for disposal. In that number of 424 would there be any which have been brought back from overseas?

The WITNESS: No, Mr. Chairman.

Mr. SMITH: Are they new or used, or, is there a cut-off somewhere.

The WITNESS: As far as I know, generally speaking, they are all used excess training vehicles.

The CHAIRMAN: Then we will proceed to question No. 4.

The WITNESS: Mr. Chairman, the answer to question No. 4 is going to take at least two weeks to prepare. That came up at the last meeting. We have started to work on it.

The CHAIRMAN: No. 5 asked by Mr. Black:

The WITNESS: Mr. Chairman, I have a complete statement here and if you like I will read the introductory part of it and we can distribute the answer in printed form to the committee and in that way save time.

The WITNESS: The question was: "So I would like to have a statement from the witness as to what has been the disposal of military goods from the Ordnance storage at Amherst and where these goods have been dispatched and in what way they have been disposed of."

The answer to that is:

DISPOSITION OF ORDNANCE STORES, AMHERST DEPOT

1. The only stores remaining in the Amherst Depot and required by the army, are 25,000 blankets, the shipment to Halifax of which will be completed by 15 May, 1946.

2. The balance of stores are surplus and have been declared to War Assets Corporation and are being moved by War Assets Corporation either by direct sale or shipment to a War Assets Corporation warehouse. As of 2 May, 1946

there remains in the Amherst Depot approximately 80 carloads of these stores and the movement is proceeding at the rate of four carloads per day.

3. Unless circumstances beyond control, such as a shortage of labour or restriction in the availability of freight cars prevent the outward flow at the rate mentioned, the Amherst Depot will be completely vacated by the end of May, 1946, at which time it will be released by Ordnance to Quartermaster General authorities for return to the owners.

4. Attached hereto is a list of the stores held in the Amherst Depot which have been declared surplus to War Assets Corporation. Detail regarding the disposition of these surplus stores can be obtained from War Assets Corporation.

SURPLUS STORES LOCATED AT AMHERST DEPOT

CLOTHING	
Item	Quantity
Boots Knee Rubber Laced.....	22
Boots Lumberman Rubber.....	170
Buttons Bone Drab.....	202
Buttons White Small.....	221
Buttons Pants.....	155,473
Buttons Shirt.....	3,546
Buttons Zinc Tinned large.....	98
Caps Cook Small.....	943
Caps Mechanic black, large.....	28
Caps Mechanic black, small.....	1
Caps Winter Melton cloth.....	802
Cloth Drab No. 34 yds.....	6½
Coats British Warm.....	92
Coats Oilskin long.....	1,805
Coats Waterproof Army.....	84
Coats Waterproof 1 R.....	366
Covers Finishing Roll No. 7.....	96
Covers Toe Ski Boot (prs.).....	992
Dressings First Field Mk. III.....	141,208
Dressings First Field N.P.....	211
Drill Cotton Drab, Pocketing (yds.).....	22
Drill Cotton Unbleached (yds.).....	25½
Drill Khaki No. 2 (yds.).....	104
Drill Khaki No. 3 (yds.).....	101½
Eyes Brass Battledress.....	1,280
Felt Tarred 32" x 36" Sheets.....	40
Flannel Khaki single width (yds.).....	20
Frieze Drab (yds.).....	43
Gauntlets M.T.....	25
Gauntlets Woollen Khaki Crosswise (prs.).....	1,643
Gloves anti-aircraft (prs.) Size 10.....	24
Gloves Machine Gunner (prs.).....	14
Goggles Polaroid (prs.).....	4
Goggles Sun (prs.).....	336
Goggles Sun Folding type (prs.).....	1,043
Handkerchiefs Hospital.....	28
Hats India Rubber.....	104
Hats Southwester.....	1,951
Heelplates Horseshoe Patt.....	4,330
Insoles Felt.....	506
Jackets Oilskin.....	9
Jackets Rubber.....	508
Jackets Working Clothing.....	6
Mitts Woollen large (prs.).....	5,573
Overshoes 2 Buckle New.....	24
Overshoes 4 Buckle New.....	7,353
Rubbers Black.....	5,206
Tape Cotton White ¾" (yds.).....	240
Tape Cotton White 1½" (yds.).....	1,550
Thimbles Tailor.....	891
Trousers Rubber.....	81
Toplifts.....	29,575
Bags Ration Mk.....	17,000
Braces W.E. Patt. '37. Left.....	10,000
Braces W.E. Patt. '37. Right.....	12,000
Carriers Cartridge W.E. Patt. '37.....	12,000
Carriers Implement Entrenching W.E. Patt. '37.....	2,000
Carriers Waterbottle 1916 equip. with S.S.....	13,630
Carriers Waterbottle W.E. Patt. '37.....	10,000

Item	Quantity
Cases Binocular W.E. Patt. '37.....	4,475
Cases Pistol Wed. R.A.C.....	10,000
Cases Pistol W.E. Patt. '37.....	4,000
Covers Breech Rifle Anti-Tank.....	259
“ “ “ No. 2.....	832
“ Mess Tin Rectangular.....	720
“ Muzzle Rifle Anti-Tank.....	2,509
“ Short Rifle Mk.2.....	849
“ Waterbottle Mk. VI.....	308
“ “ “ VII.....	225
Frogs Bayonet W.E. Patt. '37.....	14,000
Lanyards Pistol.....	3,000
Packs W.E. Patt. 1914.....	28
“ “ “ '37.....	10,000
Pockets Compass W.E. Patt. '37.....	2,240
Pouches Ammunition Pistol W.E. Patt. '37.....	10,100
“ Basic Pistol W.E. Patt. '37.....	7,000
“ Utility Front.....	14,633
“ “ Rear.....	15,400
Slings Bren Gun.....	470
Slings Rifle Web.....	51,159
Spurs Jack Patches.....	117
Straps Back Adjustment W.E. Patt. 1919.....	292
Straps Shoulder Haversack W.E. Patt. '37 left.....	13,000
“ “ Haversack W.E. Patt. '37 right.....	12,000
“ Supporting W.E. Patt. '37.....	31,000
Capes Anti-Gas No. 1 Camouflaged.....	10,043
“ “ “ “ 1 Plain.....	1,052
Capsules Lachrymatory (Cyl. of 120) T.P.....	1,560
“ (Cyl. of 120) Mk. 3.....	360
Cases N.S. Wood Packing to hold 20 facepieces w/containers.....	635
Cloth Union Anti-gas (yds.).....	107
Covers Stretcher Anti-gas.....	1,426
Curtains Helmet Anti-gas No. 1.....	8,563
Curtains Helmet Anti-gas No. 2.....	6,137
Detector paper type A Mk. II pkgs. of 25.....	1,257
Detectors Gas Ground pads of 25.....	4,036
Detectors Gas Ground training pads of 25.....	14,150
Detector Gas Paint Khaki No. 1 2 oz. tins.....	61
Detectors Gas Paint Khaki No. 2 4 oz. tins.....	162
Detector Gas Paint Khaki No. 2 2lb. tins.....	11
Detector Gas Paint Khaki No. 2A gals.....	11
Detectors Gas Paint No. 1 gals.....	10
Detector Gas Sleeve Mk. 1 Pr.....	5,826
Detector Gas Sleeve Mk. 1 Cdn. Pat prs.....	2,617
Detectors Gas Spray Mk. III.....	448
Detectors Gas Spray Small.....	15,800
Detectors Vapour Mk. II Boxes complete.....	3
Detectors Gas Mk. II Pumps.....	2
D.M. Ampoules.....	885
Eyeshields Anti-gas Mk. II Plain.....	68,278
Eyeshields Anti-gas Mk. III E Plain.....	30,150
Fabric O yds.....	18
Gloves Anti-gas Rubber No. 1 large (prs.).....	826
Gloves Anti-gas Rubber No. 1 Medium (prs.).....	5,702
Hoods Anti-gas.....	790
Jackets Anti-gas Heavy Simples.....	78
Jackets Anti-gas Light No. 1.....	15,479
Mixture G. 2D (gals.).....	2,872
Ointment Anti-gas No. 1 U.S.A. tubes.....	16,308
Ointment Anti-gas No. 2 boxes.....	2,523
Ointment Anti-gas No. 5 boxes.....	22,967
Overboots Anti-gas (prs.).....	4,588
Overmittens Anti-gas No. 1 (prs.).....	2,102
Papers Detector Gas Spray Small (pads).....	2,071
Respirators small Anti-gas w/facepiece Mk. IV and Container Type E Mk. VI.....	1,040
Respirators normal Anti-gas w/facepiece Mk. IV and Container Type E Mk. VI.....	12,323
Respirators large anti-gas w/facepiece Mk. IV and Container Type E Mk. VI.....	1,060
Respirators N.S. anti-gas w/facepiece Mk. IV and Container Type E Mk. VI.....	5,540
Respirators w/facepiece Mk. 5 and Container Type E Mk. VI.....	5,540
Buckles Mk. III.....	79
Respirators Anti-gas Checkplates Outlet Valve Mk. 1.....	646
Respirators Anti-gas Clips No. 1 Mk. 1.....	95

SPECIAL COMMITTEE

Item	Quantity
Respirators Anti-gas Clips No. 5 Mk. 1.....	203
Respirators Anti-gas Clips Eyepiece Securing	502
Respirators Anti-gas Cloths Disinfecting facepieces.....	1,540
Respirators Anti-gas Containers Type E Mk. VI	42,081
Respirators Anti-gas Eyepieces Mk. II or Mk. III Discs Glass....	975
Respirators Anti-gas Facepieces Mk. IV	158
Facepieces large Mk. 4 Spec. TMIC	328
Facepieces normal Mk. 4 Spec. TMIC	92
Facepieces small Mk. 4 Spec. TMIC	397
Facepieces Anti-gas Facepieces Mk. IV (large).....	100
Respirators Anti-gas Facepieces Mk. V (Normal)	3,140
Guards Outlet Valve No. 2 Mk. 1	149
Respirators Anti-gas Valve Mk. V Guards	379
Respirators Anti-gas Mk. VI Haversacks	15,458
Respirators Anti-gas Mk. VII Haversacks	8,362
Respirators Anti-gas Loops, Mk. II	946
Respirators Anti-gas Nuts, Retaining Pin	567
Outfits Aid. Cdn. Patt. Mk. I	151
Outfits Aid. Mk. 5	4
Respirators anti-gas Outfits, Anti-dimming Mk. VI-53	438
Respirators Antigas Pads, Harness No. IV Mk. III	175
Respirators Antigas Plates, Retaining Mk. 1	250
Respirators Antigas Plugs Mounting Facepiece Mk. I	100
Respirators Antigas Rims Eyepiece 2½" Mk. III Inner	726
Respirators Antigas Rims Eyepieces 2½" Mk. III Outer	726
Respirators Antigas Seals, Disc Identity	3,200
Slings Respirators Anti-gas Haversack Mk. 6	76
Respirators Anti-gas Tags Mk. II	600
Respirators Anti-gas Tubes, Connecting No. 3 Mk. I	6,138
Respirators Antigas Tubes, Connecting No. 3 Mk. 1	84
Respirators Antigas Tubes, Connecting No. 3 Mk. II	825
Respirators Antigas Valves, Inlet No. 4 Mk. I	315
Respirators Antigas Valves, Outlet No. 2 Mk. II	655
Respirators Antigas Washers, Eyepiece 2½" Mk. III	696
Respirators Antigas Wires, Binding 11"	20,973
Respirators Antigas Light Containers Mk. II Red Dot	22,107
Respirators anti-gas Light, Sacks paper Gas proof	5,660
Respirators anti-gas Light, Signs Warning Gas Mk. II	2,229
Respirators antigas Light Trays Bleach Antigas Mk. 2	36
Respirators antigas Light Trousers Anti-gas Light No. 1	10,350
Valises Anti-gas Clothing	1,310
Wallets Anti-gas No. 1	15,639
Webbing Elastic ¾" yds.	194
Powder Bleach 25 lb. tins	700
Respirators normal w/facepiece Mk. 4A and Containers Type E Mk. 6	1,000
Respirators antigas w/facepiece Mk. VA and Containers Type E Mk. VI	500
Containers Type E Mk. V	500
Respirators antigas Tubes Connecting No. 2 Mk. II	1,000
Respirators antigas Light Containers Mk. I	6,500
Respirators antigas Facepieces Mk. IVA (N.S.)	34
Respirators antigas Facepieces Mk. V (N.S.)	432
Respirators antigas Facepieces Mk. IV	960
Respirators antigas w/facepieces Mk. V w/mounting plug and Clip and Containers Type E Mk. VI	20
Respirators antigas w/facepieces Mk. V and Containers Type E Mk. VI	5,880
Respirators antigas facepieces Mk. IV Special T Mic w/mounting Plug and Clip (N.S.)	20
Bit Strap	1
Bridles Saddlery Cdn. w/o reins	6
Girths lumber harness.....	10
Wheel Chains	5
Hooks SU 3½"	14
Pads collar Mk. II Zinc.....	342
Reins large	1
Reins	1
Saddles Cdn.	6
Saddles SU	57
Stirrups Steel	1
Straps Shoe case.....	5
Traces lumber Harness.....	1
Caulks ¾" lbs.....	22
Caulks ½" lbs.....	7
Caulks ¼" lbs.....	10
Caulks ⅓" lbs.....	40
Caulks ⅔" lbs.....	60

Item	Quantity
Caulks lbs.	25
Caulks lbs.	18
Caulks lbs.	24
Caulks lbs.	45
Nails lbs.	50
Nails lbs.	25
Nails lbs.	15
Nails lbs.	100
Nails lbs.	100
Cans Oil	110
Cans Oil	315
Containers	50
Containers	50
Containers	1,200
Drums	11
Ink	1
Oil gals.	18
Axes Felling w/handle	94
Axes Hand w/handle 3 lb.	375
Axes Pick Heads	2,000
Axes Pick 4½ lb. Helves	2,500
Axes Pick, Heads 4½ lbs.	1,920
Axes Pick Heads 8 lbs.	315
Barrows wheel Entrenching Mk. III.	339
Basins Washing	1,223
Bottles Tin, Methylated Spirits.	170
Boxes, Despatch	64
Boxes, Stationery, Field Wood.	237
Boxes, Stationery, Telegraph Unit A, Wood.	43
Boxes, Stationery, Telegraph Unit B.	62
Buckets Water Canvas Mk. V.	529
Buttons Tent Wood.	1,200
Chest Medical Comforts.	56
Handles, Axe, Hand 21 in. (doz.)	700
Handles, Axe, Pick 36 in.	1,719
Handles Mallet Tent Large.	5,258
Handles Shovel G.S. Mk. II.	497
Handles, Spade, G.S. Mk. III.	125
Hooks Bill	739
Hooks Reaping Large.	341
Implements, Entrenching 37 Patt. Handles.	11,270
Implements, Entrenching 37 Patt. Heads.	11,846
Lanterns Cold Blast, Globes Blue.	556
Lanterns Cold Blast, Globes Green.	513
Lanterns Cold Blast Globes Red.	822
Lanterns Cold Blast, Globes White.	653
Latrine covers Bucket.	1,290
Latrine poles Mk. III.	79
Latrines Screens Mk III.	9
Mallets Tent w/handle small.	66
Mallets Tent heads, large.	4
Mallets Tent heads, small.	3,912
Mauls Handles.	1,699
Mauls Heads.	1,219
Panniers G.S. Fittings Metal Sets.	171
Panniers Linings.	165
Pegs Picketing Mk II.	5,586
Pins Tent Wood Medium (N.S.).	236
Pins Tent Wood Small (N.S.).	3,882
Posts Picketing 2½ Mk. V.	70
Racks Arm	6,370
Ranges Camp Cooking Mk. II.	348
Backs Firebox	86
Boilers Hot Water Mk. II.	51
Boilers No. 1 Mk. II.	9
Clips for Grate.	40
Clips Reservoir.	270
Collars Smoke Hole.	36
Covers Pot Hole Mk. II.	366
Dampers Back No. 10.	27
Dampers Back No. 11.	89
Dampers Back No. 12.	4
Dampers Back No. 14.	22
Doors Firebox Mk. II.	77
Fasteners Bar Door Front.	75
Fasteners Bar Door Rear.	100
Frames Dampers Firebox Door.	23
Frames Oven.	90

SPECIAL COMMITTEE

Item	Quantity
Fronto Hot Water Mk. II.....	98
Grates Coal Fire Box.....	1
Pans Roast.....	480
Poles Shelter Ridge.....	730
Poles Shelter Upright.....	1,599
Roofs Shelter.....	598
Slides Damper Front Mk. II.....	100
Valises Shelter.....	455
Saws Buck 30 in.....	4
Saws Buck 30 in. Blades.....	167
Saws Folding.....	45
Saws Folding Cases.....	54
Sheets Ground Drav Mk. VIII.....	18,000
Shovels G.S. Mk. II.....	137
Spades G.S. Mk. III.....	173
Stools Camp.....	68
Tanks Water Canvas S Type.....	11
Tanks Water Canvas S Type Covers Canvas.....	11
Warmer Food Spirit Lamp.....	179
Wedges Sawyer 3 lb.....	126
Wedges Sawyer 4 lb.....	133
Bags Hot Air Disinfecter Unit.....	102
Bags Canvas.....	18
Balances Spring 30 lbs.....	84
Balances Spring 100 lbs.....	33
Balances Spring 200 lbs.....	50
Basins En. pr. Ret. 12 in.....	1,295
Basins En. or Ret. 14 in.....	1,505
Baskets Sterilizing for Cutlery.....	60
Baths Arm w/cover.....	400
Baths Foot Large.....	527
Baths Foot Oval.....	252
Beaters Egg.....	1,611
Y ends (Bedsteads D.T.).....	431
X.....	21
Z.....	86
W.....	4,091
W Springs (Bedsteads D.T.).....	3,820
X.....	32
Y.....	397
Z.....	50
Bedsteads D.T. Springs Helical long.....	30,000
Bedsteads D.T. Springs Helical short.....	20,000
Bedsteads D.T. c/w Ends and Springs.....	1,722
Bedsteads Fracture.....	92
Bells Hand Press.....	109
Blackboards School.....	839
Implements Blades Saw Butcher Bow 14".....	877
Blades Saw Butcher Bow 20".....	1,547
Blades Saw Butcher Bow 22".....	700
Blankets White.....	225
Blocks Chopping Large.....	12
Blocks Chopping Small.....	12
Boards Bedhead.....	2,291
Boards Chess.....	1
Boards Chopping Large.....	345
Boards Chopping Small.....	354
Boards Fracture sets.....	584
Boards Inventory.....	240
Boards Knife.....	59
Boards Pastry.....	175
Boilers 4 gal. w/tap.....	20
Boilers En. or Ret. 6 gal. w/o tap.....	814
Boilers En. or Ret. 6 gal. w/tap.....	283
Bowls Coffee En. or Ret.....	19,622
Bowls Dishup En.....	50,095
Bowls Mixing.....	2,842
Bowls Sugar Earthen Common.....	86
Boxes Cash.....	30
Boxes Dressing.....	133
Boxes Soldier Wood Special.....	957
Brushes Bedpan.....	1,271
Brushes Blackboard.....	1,719
Brushes Feeder.....	1,973
Brushes Pot Cooking wire.....	195
Brushes Radiator.....	1,327

Item	Quantity
Brushes Stove Dauber.....	2,668
Brushes Stove Polishing.....	1,206
Brushes Water Carriage Mk. I.....	1,160
Brushes Wire.....	1,649
Cabinets Medicine Ward.....	80
Cannisters Japanned sets.....	103
Cans Milk 2 gal.....	400
Cans Milk 3 gal.....	5
Cans Milk w/spout 3 gal.....	330
Cans Oil w/spout 1 gal.....	68
Cases Bolster Camp.....	60,064
Cases Palliasse Camp.....	58,700
Cleavers Butchers 2 ft. 1 in.....	805
Cloths Bedpan covering.....	1,819
Collanders.....	649
Commodos Hospital.....	200
Corkscrews.....	142
Covers Dishes Butter Earthen.....	481
Covers Dispensers Sugar.....	18
Covers Mattress Bedstead D.T.....	1,298
Covers Mattress Bedstead Folding Hospital.....	4,433
Covers Mattress Bedstead Hospital.....	534
Covers Pot Chamber spare.....	72
Cradles Fracture Medium.....	38
Cradles Fracture Small.....	65
Cups Tea China.....	43
Cutters Biscuit.....	188
Dippers 1 qt.....	686
Discs Aiming Triangular System.....	3,905
Discs Strainer Cotton Rapid Flow.....	12,276
Dishes Baking Iron 12 in. x 8 in. x 3 in.....	556
Dishes Baking Iron 14 in. x 10 in. x 4 in.....	77
Dishes Baking Iron 15 in. x 15 in. x 4½ in.....	510
Dishes Baking Iron 20 in. x 15 in. x 5 in.....	10
Dishes Butter Earthen.....	1,460
Dishes Butter En.....	4
Dishes Dessert China.....	42
Dishes Meat China 11 in.....	1
Dishes Meat China 20 in.....	1
Dishes Meat Earthen 10 in.....	2,774
Dishes Meat Earthen 12 in.....	3,000
Dishes Meat Earthen 14 in.....	1,707
Dishes Meat Earthen 16 in.....	9,660
Dishes Meat En. or Ret. 10 in.....	390
Dishes Meat En. or Ret. 12 in.....	2,158
Dishes Meat En. or Ret. 16 in.....	1,000
Dishes Meat En. or Ret. 18 in.....	3,382
Dishes Meat En. or Ret. Round 18 in.....	3,372
Dishes Pudding Oblong.....	231
Dishes Soap.....	326
Dishes Vegetable China.....	5
Dishes Vegetable Earthen Common.....	5,101
Dishes Vegetable En. or Ret.....	3,691
Disinfectors Spray Mk. II.....	71
Driers Sock Wire prs.....	1,565
Easels Blackboard.....	1,066
Feeders Enamelled.....	125
Forks Dinner Windsor.....	12,500
Forks Flesh.....	1,679
Forks Stable.....	103
Forks Toasting.....	160
Forms Folding 6 ft. Mk. 4.....	5,661
Funnels Tin ½ pt.....	21
Funnels Tin ¾ pt.....	22
Funnels Tin 1 pt.....	18
Funnels Tin 1 qt.....	24
Funnels Tin 2 qt.....	200
Glasses Drinking Spirit.....	56
Glasses Drinking Juice.....	7,200
Lamps Globes Hurricane Blue.....	546
Lamps Globes Hurricane Green.....	45
Lamps Globes Hurricane Red.....	2,782
Lamps Globes Hurricane White.....	1,003
Gloves Hedging prs.....	202
Graters Bread or Vegetable.....	505
Graters Nutmeg.....	140
Handles Broom Soft 4'.....	1,500
Hangers Clothes.....	17,268
Hoes Garden.....	100

Item	Quantity
Implements Butcher Holdalls Empty.....	89
Holders Diet Sheet	18
Implements Butcher Holdalls Filled	129
Hooks Butcher 9 in.....	3,584
Hooks Butcher 13 in.....	244
Implements Butcher Cases Wood Empty	58
Implements Butcher Cases Wood Filled	165
Inhalers Mk. III Corks	892
Inhalers Mk. III jars	776
Inhalers Mk. III Mouthpieces	820
Jackets Restraint Medium	21
Jugs Earthen 1 qt.	301
Jugs Earthen 2 qt.	1
Jugs Earthen 3 qt.	190
Jugs Earthen 4 qt.	2,270
Kettles Tea En. or Tet. 2 qt.	897
Kettles Tea En. or Tet. 4 qt.	200
Knives Bread	2,276
Knives Butcher Cutting 10 in.	240
Knives Butcher Cutting 12 in.	13
Knives Butcher Cutting 14 in.	13
Knives Butcher Sticking	982
Knives Cook 6 in.	1,768
Knives Cook 9 in.	1,618
Knives Cook 12 in.	2,553
Knives Opening Tins	35
Knives Palette	1,027
Knives Scimitar	870
Ladders Extension 24 ft.	10
Ladders Step w/swing back 10 ft.	4
Ladders Step w/swing back 12 ft.	10
Ladles En. or Ret. large	1,578
Ladles En. or Ret. small	1,439
Ladles Soup En. or Ret.	3,729
Lamps Hurricane	297
Machines Meat & Bacon Cutting 60 cycle Power Operated.....	38
Machines Bread Cutting Hand Operated	3
Machines Mincing #22 Hand Operated	82
Machines Mincing #22 Hand Operated	82
Machines Potato Peeling Hand Operated	16
Machines Sausage Stuffing Hand Operated	5
Mashers Potato	701
Matchets 15 in. Blade w/Lanyard	856
Mats Bath	1,429
Mattresses Bedstead Fracture	18
Mattresses Bedstead Hospital	500
Measures En. or Ret. $\frac{1}{2}$ gill	28
Measures En. or Ret. 1 gill	25
Measures En. or Ret. $\frac{1}{2}$ pt.	12
Measures En. or Ret. 1 pt.	7
Measures En. or Ret. 1 qt.	13
Measures Glass 4 oz.	283
Measures Oil 1 pt.	10
Measures Oil 1 qt.	91
Measures Oil $\frac{1}{2}$ gal.	14
Measures Oil 1 gal.	63
Napkins Ophthalmia	629
Nets Potato	129
Pails Slop	300
Pans Baking Cake	2,001
Pans Bed En. Perfection Type	35
Pans Bread Baking	122
Pans Bread Mixing Large	183
Pans Bread Mixing Small	593
Pans Cake Oven Sheet	3,313
Pans Dish	920
Pans Frying 10 in.	14
Pans Frying 12 in.	169
Pans Frying 16 in.	15
Pans Roast 22 $\frac{1}{2}$ x 11 $\frac{3}{4}$ x 3 $\frac{1}{2}$	1,439
Blackboard (Pins Easels)	258
Picks Ice	227
Pins Rolling	571
Plates Dinner China	46
Plates Dinner En. or Ret.	94,113
Pokers Fire	1,184
Poles Flag Wood 16 ft.	5
Poles Vaulting	232

Item	Quantity
Poles Flag Cross Bars prs.	4
Pots Bean Large	504
Pots Chamber En.	835
Pots Tea Earthen 1 qt.	55
Pots Tea Earthen 2 qt.	320
Pots Tea En. or Ret. 2 qt. w/o cover	6,192
Pots Watering	62
Rakes Garden Metal	2
Receptacles Waste Paper Towel	1
Reels	1
Refrigerators Ice Cooled Large	3
Rests Bed	165
Rests Tripod	60
Saucepans Cast Aluminum 2 qt.	25
Saucepans Cast Aluminum 3 qt.	50
Saucepans Cast Aluminum 4 qt.	2
Saucepans En. or Ret. 1 qt.	930
Saucepans En. or Ret. 2 qt.	75
Saucepans En. or Ret. 1 gal.	1,315
Saucepans En. or Ret. 6½ qt.	739
Saucepans En. or Ret. 2 gal.	1,036
Saws Butcher Bow 12 in.	55
Saws Butcher Bow 14 in.	792
Scale Beam 300 lbs.	20
Scales Weighing Bench Type 36 lb.	79
Scales Weighing Bench Type 240 lb.	48
Scissors Lamp	43
Scissors Stretcher Bearer w/lanyard	280
Scoops Hand 1 pt.	1,285
Scoops Hand 1 qt.	126
Scrapers Dough	659
Screens Bed Metal Folding w/o cover	32
Screens Bed Metal Folding Covers Sets	2,011
Shapes Pudding Oval 1 pt.	240
Sheaths Matchet	466
Sheets Bed Waterproof	675
Sifters Flour	25
Skewers 5 in.	18,000
Sponges Washing Large	15
Spoons Egg	36
Spoons Gravy	8
Spoons Salt	120
Squeezers Lemon	66
Stands Music Metal	458
Steels Butcher	943
Stools Bath	82
Stools Common Kitchen	107
Stoves Oil Heating Coleman No. 18	188
Stoves Oil Heating Coleman Bodies Valve Generator	51
Stoves Oil Heating Brackets Radiant	50
Stoves Oil Heating Bushings Gas Tip	40
Stoves Oil Heating Cans Alcohol	1
Stoves Oil Heating Coils Generator Filler	8
Stoves Oil Heating Discs Filler Plug w/Gasket	20
Stoves Oil Heating Gaskets Filler Plug	40
Stoves Oil Heating Generators w/Valve & Stem	548
Stoves Oil Heating Leathers Pump	41
Stoves Oil Heating Packings Valve Stem	29
Stoves Oil Heating Plugs filler	27
Stoves Oil Heating Radiants	354
Stoves Oil Heating Regulators Air	69
Stoves Oil Heating Stems Drain	14
Stoves Oil Heating Tips Gas	20
Stoves Oil Heating Tubes Generator	7
Stoves Oil Heating Valves Check Pump	37
Stoves Oil Heating Wrenches Universal	2
Stoves Oil Wickless No. 5	111
Stoves Outfits repair	54
Strainers China Cap	272
Strainers Milk	197
Strainers Sink Triangular	836
Stretchers Ambulance Mk. II	191
Stretchers Ambulance Mk. II Pillows	138
Stretchers Ambulance Mk. II Slings Mk. IV	1159
Tables Folding 6 ft. Local Patt.	1
Tables Folding 6 ft. w/masonite top	7
Tables Invalid Metal	100
Tables Kitchen Large	22

Item	Quantity
Tables Kitchen Small	3
Tapes Chest Measuring	55
Tongs Ice	75
Trays Bed	13
Trays Waiting 22 in. x 16½ in.	29
Trays Waiting 20½ in. x 15½ in.	27
Tubs Urine	10
Tubs Washing 3½ gal.	198
Turners Cake	279
Urinals Glass	104
Warmers Stomach	1206
Warmers Stomach covers	712
Washers Rubber 1 in.	71
Wash stands	29
Wash stands ware sets	594
Whisks Clothes	10
Wringers Fomentation	59
Wringers Mop	1
Weights 1 lb. - 10 lb.	5
Weights ½ lb. - 5 lb.	6
Caps Field Service N. P.	3783
Caps Field Service Serge	17
Drawers Cotton Short	816
Jackets Khaki Drill	3
Jackets Serge Drab Open Collar	26633
Jerseys Pullover	3566
Pantaloon Service	258
Shirts Flannel Khaki	801
Socks Special Sewn Toe prs.	75
Trousers Serge Drab N.P.	18803
Belts Waist Leather Brown	1803
Belts	1940
Brushes	17561
Containers Dubbin	102300
Lanyards Clasp Knife	38096
Pins Collar Safety	43358
Shoetrees	30

By Mr. Black:

Q. Could the witness tell this committee to what point or points these goods are being moved by the War Assets Corporation?—A. We do not move them, Mr. Chairman; War Assets are either selling them on the spot or moving them out to their own warehouses.

Mr. BLACK: I do not believe any goods have been sold by public sale anywhere either at the warehouse or Ordnance quarters.

Mr. PROBE: Why do you include these Canadian saddles?

The CHAIRMAN: What is the question, Mr. Probe?

Mr. PROBE: I was just wondering when they acquired the Canadian saddles which are stored at Amherst.

The CHAIRMAN: Is that the second item on page 5?

Mr. PROBE: It is on page 5—saddles, Canadian 6.

The WITNESS: I am informed that they were procured during World War 1, 1914-18.

Mr. BLACK: Why were they moved for storage at Amherst, there are no horses at Amherst, no troops requiring them at Amherst?

The WITNESS: I do not know the answer to that question, as to why they were shipped there; it was probably through some requirement that arose during the war.

By Mr. Smith:

Q. Are these saddles to be declared surplus?—A. This is the list of stores located at Amherst which have been declared surplus.

Q. I notice you have 57 saddles U.C. there, what is that? I would like to get some of these from War Assets.—A. I am informed that the marking there means, "saddles—universal".

Q. Universal carriers.—is that an ordinary army saddle, Colonel? That is what I had in mind.—A. Yes, I think it is.

By Mr. Reid:

Q. This may not be very important, but are shoe trees supplied by the military.—A. We had them during the war, but I understand they have all been declared surplus.

Q. That hardly answers the question, they are not used. I asked, does the military use shoe trees for issue to personnel?—A. I can say that during the war here they did. I can definitely say, Mr. Chairman, that we did not use them overseas.

Q. In other words, are they on the scale of issue, to use a military term?—A. They are not included in any scale of issue, or in any kit.

Mr. BRADETTE: You will find that on the bottom of page 7.

By Mr. Smith:

Q. There are two items, numbers 11 and 12 on the bottom of page 11. Are they related? I notice one of them is called "Turners Cake", and I just wondered if I knew what that was? I refer to items 11 and 12. Then there is the next item: "Warmers Stomach", 1206 going to waste?—A. Those are hospital supplies.

Q. That applies to all those three items, does it?—A. Yes.

Q. Well, thank you very much.

By Mr. Reid:

Q. What is meant by "Cradles, fracture"?—A. That is a special bed to accommodate a person with a fractured limb.

Mr. HOMUTH: When you break your leg running after boats.

The WITNESS: They are all serviceable.

The CHAIRMAN: Are you ready for Mr. McGregor's question, No. 6?

Mr. SMITH: I assume that there will be an interval, or some little opportunity for us to digest these small closely written pages? I take it that there might be such an opportunity, and the Colonel could come back later on?

Mr. MARQUIS: Could we not put further questions later on?

The CHAIRMAN: I presume so, Mr. Smith. Question No. 6, Colonel Denny?

Mr. BLACK: Before we leave this, I think the witness should give us a statement, or we should have a statement from War Assets officials, of what disposition or disposal is being made of this enormous quantity of goods shipped

away from these Ordnance quarters. I understand that they had from \$5,000,000 to \$7,000,000 worth of goods there at some time during the war, and I would like to have a statement on the record from someone responsible as to where they are being shipped, and what disposal is being made of them. Are they being distributed to hospitals or institutions?

The CHAIRMAN: If you will repeat that question, Mr. Black, when we have a witness from War Assets, you will be able to get a satisfactory answer. Question No. 6, please?

The WITNESS: Question No. 6, Mr. Chairman, a statement of value of paint declared surplus by War Assets, by districts. That is available for distribution, too, Mr. Chairman. May I read it while it is being distributed? The answer reads as follows:

SURPLUS PAINTS DECLARED TO WAR ASSETS CORPORATION NEWFOUNDLAND

<i>Item</i>	<i>Quantity</i>	<i>Total Value</i>
Enamel Signal Red No. 37 gals pts.	4-4	\$ 12.78
Paint P.F.U. Aluminum, gals.	5	15.50
Blue G.S., gals.	1	1.88
Green Matte Reclaimed, gal., pt.	9	6.12
Red Amn. Lead Free	10	24.70
White	38	66.98
Yellow Bright	3	5.46
Enamel Glyceryl Phthalate Black, gals.	14	33.18
Paint P.F.U. Black G.S.	20	52.00
Brown Dark, No. 11	1	1.54
Cream	3	5.25
Green No. 18	1	1.68
Gray Light, No. 31	5	10.25
Red Oxide	7	17.27
Varnish Copal Outside	5	7.45
Inside	5	8.40
Rubbing	4	7.00
Stain Mahogany	1	4.00
		<hr/>
136 gals. 4 pts.		\$281.44

Other than the above, no stocks of paints have been declared as surplus to War Assets Corporation.

By Mr. Show:

Q. Colonel Denney uses the expression "total value". May I ask if this is the actual cost to the army of this paint, or is there some other method used in determining its value?—A. We only calculated on the original cost to the army. The question asked was to give a statement of paint declared surplus by districts. This statement, as you see Mr. Chairman, mentioned paint in Newfoundland, and other than that, no stocks of paint have been declared to War Assets. The amount is, 136 gallons, 4 pints, with a value of \$281.44.

The WITNESS: With your permission I would like to proceed to answer question No. 8. It involves a statement of deficiencies in army requirements of 23,903 vehicles.

The CHAIRMAN: Not a deficiency?

The WITNESS: No, a statement of the deficiencies in army requirements. While the statements are being distributed I shall read the answer:

DEFICIENCIES IN VEHICLE EQUIPMENT FOR POST WAR ARMY FOR WHICH
NO SUBSTITUTES ARE HELD

<i>Item No.</i>	<i>Type</i>	<i>Deficiency</i>
1.	Tanks—Command	3*
2.	O.P.	17*
3.	Recovery	22
4.	Bridge Laying	3*
5.	Flail	4
6.	Flame (Badger)	2
7.	Charger	14*
8.	Close Support	1*
9.	AVRE	1
10.	3" M10 Self Propelled—Tracked	47
11.	Carriers—Armd. Personnel	12*
12.	Armd. Ammunition	35*
13.	Armd. G.P.O.	5*
14.	Trucks—Heavy Utility Mech. "ZL"	15
15.	Trucks—15 cwt. Mach "KL"	30
16.	15 cwt. L.W. (V)	31*
17.	Lorries—3 ton Disinfecter	6
18.	3 ton Fire Pump	13
19.	3 ton Bulk Petrol	1
20.	3 ton Mobs. Ops. Room	23
21.	3 ton 40 MM S.P.	13
22.	3 ton Instrument Repair	36
23.	3 ton Command L.P.	13
24.	3 ton TEV (Div)	1
25.	3 ton Teleprinter	1*
26.	3 ton Amphibious	6
27.	Lorries—3 ton 6 wh. X-Ray	3
28.	3 ton 6 wh. TEV (Corps)	6
29.	Trucks—Amphibious M. 29 C.	6
30.	Landing Vehicle Tracked (Alligator)	5*
31.	Tractors Breakdown Heavy	11
32.	Trailers—Workshop Servicing	29
33.	Cable Splicing	4
34.	AA Command Post	37
35.	Generator 15 KVA	32
36.	4 wh. A.A. No. 3 Mk. 2	43*
37.	4 wh. A.A. No. 1 Mk. 2 (T)	35*
38.	4 wh. A.A. No. 1 Mk. 2 (R)	35*
39.	20 MM Quad	143*
Total		746

NOTE: Items marked * are types which are not available and of which no stocks are held. All others are in stock in adequate quantities for use of the Active Army and in sufficient supply to permit suitable training of both Active and Reserve Armies, but are deficient quantities shown against Home War Establishments Authorized by General Staff.

No provision is contemplated for any of the above deficiencies.

Mr. WINKLER: I presume this would be regarded as confidential also?

The CHAIRMAN: I would not think so, Mr. Winkler, for this reason. We have had figures before us as to the total establishment of the army requirements in regard to vehicles and other equipment. It is the purpose of this committee to look into those figures, the information supplied to us, with a view, if we find it advisable, to making recommendations to the government as to whether we consider the number to be sufficient or whether it can be cut down in the interest of economy. So, with that in mind I will ask permission of the members to proceed and I shall ask Colonel Denney at least four questions dealing directly with vehicles required, because I believe the information will be helpful later to this committee in framing its report.

I am going to ask Colonel Denney at this time:

On the basis of war establishments, what is the over-all vehicle establishment of the Field Force?

I have not given Colonel Denney a copy of these questions previously and I have just, at this moment, placed them before him.

Mr. BLACK: You mean that that is to be added to the deficiencies? The figure you are asking for is to give the stock we have on hand?

The CHAIRMAN: No, the question is worded:—

On the basis of war establishments what is the over-all vehicle establishment of the field force?

When Colonel Denney gives me an answer to that question, then I will follow on.

Mr. BENEDICKSON: What is a definition of field force, Mr. Chairman?

Mr. BLACK: That would give us what the army recommends as their requirements. Is that right?

The CHAIRMAN: If you will allow me to proceed with my question I may lead up to, perhaps, the all-important question which will give you the information you want, Mr. Smith.

Mr. SMITH: Since I have been brought into this picture—

The CHAIRMAN: I am quite sure, Mr. Smith, that if you had been framing these questions, you would have done so in a far more legal manner than I have.

Mr. SMITH: What I have in mind is this. I gather that these questions are to show that the army is properly equipped. Surely you are not going to put this committee into the position of passing judgment on the General Staff's estimates of what the army should have, because none of us know anything about it. I would no more think of telling the General Staff that they were crazy about their estimates on vehicles as I would think of telling them what kind of porridge they should eat.

The CHAIRMAN: I would not dare to do that either, but I do want certain information to satisfy me as to whether they have twice as many, or three times as many, or four times as many vehicles as they require.

Mr. SMITH: But you will be passing judgment on them?

The CHAIRMAN: That remains to be seen. May we have that answer?

The WITNESS: There are two questions there.

The CHAIRMAN: Answer the first question.

The WITNESS: The total number of vehicles required for the field force, post-war requirements is 4,139, that is, less training establishments.

Mr. BLACK: I understand that information has no relation to these returns which have just been handed to us.

The CHAIRMAN: Did you want to pursue the other answer further?

Mr. BLACK: No, I want to know its relation to the information just submitted to us.

The CHAIRMAN: Well, my question is a part and it arose from that answer tabled, that deals with deficiencies. I was able to put, I hope, a series of questions which would place at the disposal of this committee, information which would be helpful to them later.

Mr. BLACK: I agree with that, but on the other hand, I would first like to know what the requirements are that involve deficiencies in items No. 1. Then, we would know what deficiency means and what relation it has. It may be three out of one hundred or it may be three out of one thousand or it may be three out of six. This does not mean anything to me.

The CHAIRMAN: What is your question, Mr. Black? Perhaps we could work along the same lines. If you have a question ready, then I would be very pleased to have it. I do not want to ask questions from the chair, if any member has a question ready. I thought I made that perfectly clear.

Mr. BLACK: I am agreeable to proceed.

The CHAIRMAN: The first question; we have that on hand. Would you give us the total number of vehicles that you have at the present time; the total number of vehicles that are on hand at the present time?

By Mr. Marquis:

Q. 30,000 as of April 30th?—A. Including stock and what is due; 30,459 vehicles.

The CHAIRMAN: 30,459.

By Mr. Cote:

Q. That is still as of April 30th, Colonel Denney?—A. That is correct, Mr. Chairman.

By the Chairman:

Q. That, apart from the 4,139 means that you are going to have, in reserve, reserve?—A. According to the present policy, we will be keeping 12,487 vehicles.

Q. That, apart from the 4,139 means that you are going to have, in reserve, 12,487 vehicles in case you require them at some future time, bearing in mind the 4,139 vehicles in active use. How long a period do you think it will require to use up the 12,487 reserve vehicles?—A. Mr. Chairman, I wonder if I am interpreting the "field force," in the same way as you gave me the question, because if you just refer to the vehicles in active use, new vehicles in the field force are not the only vehicles in the Canadian Army in active use, because we have the reserve army as well, and we also have training centres.

Q. I am dealing now, particularly, with the 12,487 vehicles, and my question is: how long will it require before you put into actual use and use up those 12,487 vehicles?

Mr. BRADETTE: Mr. Shaw brought in a question pertaining to this summary of vehicles held in the Canadian army outside of Canada. We decided not to incorporate that in the record. We are getting information now which is just as secret, I believe, as far as military policy is concerned. I may be wrong but I believe that.

Mr. PROBE: Does the chairman want that information in the record?

Mr. BRADETTE: I would like to have the matter clear in my mind.

The CHAIRMAN: This is not confidential. We have had this information before. I am just putting it in concrete form for the purpose of showing that it would take a long time to use that 12,487 vehicles.

Mr. SMITH: We have had that information before, and you are only doing a little window-dressing now, are you not?

The CHAIRMAN: I do not like that term: window-dressing.

Mr. SMITH: I mean you are pointing it up.

The CHAIRMAN: I want to make it apparent that the cost to the country of maintaining a staff in order to look after these 12,487 vehicles, will, I believe, run in to many hundreds of thousands of dollars.

Mr. MCGREGOR: You mean: how long they will supply the government and when they will be worn out?

The CHAIRMAN: Yes, he is trying to estimate that.

Mr. HOMUTH: How can a witness answer a question like that: how long these vehicles will last and when they expect to put them into use and take them out of reserve? It all depends, entirely, on the question of the use that they are put to and how rigorous the work they have to do.

The CHAIRMAN: I think the witness will be able to answer it.

The WITNESS: With regard to the reserve of vehicles held against a possible emergency, in order that they will not become deteriorated or out-moded by better military types, it is proposed that after a number of years—

The CHAIRMAN: How many?

The WITNESS: About three years, in our present calculations. For what we call "B" vehicles, and those are non-fighting vehicles and after about five years for "A" vehicles, or fighting vehicles, we propose to replace the worn out vehicles in use by the active and reserve armies from this reserve pool of vehicles; so that after a number of years the whole or the reserve will be renewed and it will not be composed of obsolete or deteriorated vehicles. The exact number of years that will take, that is estimated at the present time, and I think that I could get you an answer to that before the end of this meeting.

Mr. SMITH: It is pretty close to the end now.

Mr. BENIDICKSON: Are your questions over, Mr. Chairman?

By Mr. Bradette:

Q. Down at the bottom of the report on page 2 there is an item marked:

Items marked are types which are not available and of which no stocks are held.

I would like Colonel Denney to enlarge on that, because, apparently there will be a lack of equipment, so far as the army is concerned. I refer to your footnote on page 2; items which are not available and of which no stocks are held. Then, the army will be short of important equipment which is absolutely necessary?—A. Which question is before me at the present time, please?

Q. I thought the chairman was through. I am very sorry.

The CHAIRMAN: One more answer then we will proceed with your question, Mr. Bradette.

Mr. BRADETTE: All right. It is my mistake.

The WITNESS: Methods of storing and development programs based on past experience have a definite bearing upon obsolescence. It has been recommended that the following replacement program be instituted with regard to vehicles. Armoured, fighting vehicles, including self-propelled mounts, to be replaced after ten years' use. "B" vehicles, that is general service "B" vehicles, three years, after which a ten-year replacement cycle should be started. Technical vehicles five years, after which a ten-year replacement cycle should be started. Engineers' stores, 15 years. Does that answer your question?

The CHAIRMAN: That will be satisfactory for now, Colonel.

By Mr. Bradette:

Q. My question is this: I would like a bit of enlightenment on the footnote at the bottom of page 2, the item marked X: items which are not available and of which no stocks are held. I would like a bit of enlightenment on that?—A. Before army units can be equipped a survey has to be made of the equipment that is available not necessarily in Canada but in other places, and from other sources. This required equipment is drawn up in a war equipment table and it represents the ideal equipment for the units under active service or war conditions. The purpose of the statement at the bottom of page 2 was to show that, although the units would not be equipped with complete war equipment, there would be sufficient of similar equipment on hand to carry out the necessary training; and therefore we do not anticipate any provision unless an emergency arose.

By Mr. Probe:

Q. Then your intention was to adopt other vehicles to take the place of what these would be technically used for in the field?—A. That is the intention. Mr. Chairman.

Q. Why could you not have done that in connection with quite a number of vehicles that were declared surplus here in Canada, while you were withdrawing other equipment from the field; for example, these 200 F.W.D.'s that cost over \$2,000,000?—A. May I refer to section 2, paragraph 1 of my preliminary remarks to the committee in which I stated:

It has been decided that our post-war army must be provided with modern equipment. Although there are many new developments which may in the near future change the type of some weapons with which the army fights, it is somewhat too early to assess all these. Therefore, it has been decided that we will start with such battle proven equipment as we have available, and that as new weapons and equipment are developed, the Canadian army will share in this development.

Mr. BENIDICKSON: We have heard a lot of figures over the past two or three months, although we have not got the written minutes. One gets rather confused, and I would like to have a firm idea of what I have been told on this subject, the post-war requirements of vehicles of all types. I take it that would be for the field force, for training work and for the reserve army, 23,903? You say you are maintaining a reserve of 12,487. Would that be part of the 23,903?

The WITNESS: That is correct.

Mr. BENIDICKSON: So, the figure would be 11,416 for all types, field force, training and reserve?—A. The statement is correct.

Q. So you are retaining 12,487, and for active use 11,416?—A. That is correct.

The CHAIRMAN: Would you ask the question as to the number of commercial vehicles included in the 12,487 reserve?

By Mr. Benidickson:

Q. Do you know, off-hand, how many are class "B" vehicles of the 23,903, and how many are class "A"?—A. It would be necessary for us to add up the figures; I cannot give it immediately. Do you wish the first part of the question answered? How many types of commercial vehicles there are in the reserve?

The CHAIRMAN: Yes, I would like to have that because of the urgent need of commercial vehicles at the present time.

By Mr. Benidickson:

Q. I would like to have it broken down on both the post-war requirements. How many are fighting and how many are non-fighting vehicles, and, again, does the reserve maintain the same proportion of fighting and non-fighting vehicles, that is, class "A" and class "B"?—A. There will not be any commercial type vehicles held in the army reserve.

The CHAIRMAN: Thank you, that is it, I see.

By Mr. Benidickson:

Q. Can you use the words "non-fighting" and "commercial" interchangeably?—A. No, that would not be true, Mr. Chairman. When we say commercial, we mean vehicles that are produced for commercial use. Class "B" vehicles in the army are army vehicles designed especially for army carting. You would call them trucks, and they have special features which make them especially fitted for transporting under war conditions.

The CHAIRMAN: Gentlemen, it is now one o'clock. Is it your wish that we proceed with Colonel Denney, or should we allow him to stand over for a day or two, while you have an opportunity to look over the minutes and figures, and at our next meeting call Air Commodore London?

Mr. COTE: Would it not be possible to have Colonel Denney file his answers at the beginning of the next meeting, and then proceed with the Air Force?

The CHAIRMAN: Some of the questions will take two weeks.

Mr. COTE: I mean, whatever answers are available.

Mr. SHAW: With respect to the questions I asked, it seems to me it would depend a great deal as to what the answer is, whether I would want Colonel Denney to come back. The army have acted as agents for War Assets in the disposal of surplus Crown assets. I would like to pursue that, to some extent if the answer is yes, if I could be provided with an opportunity to do so later on.

The CHAIRMAN: Yes, he could be recalled.

Mr. BENIDICKSON: You mean, they actually promoted the sale?

Mr. SHAW: Yes, they actually promoted the sale.

The CHAIRMAN: Will you decide before the meeting adjourns?

Mr. BLACK: I think we should have the minutes of the previous meeting, and the minutes of this meeting before we can exhaust the subject before the available.

Mr. BENIDICKSON: I think Mr. Black has a point there. We are behind in our written minutes. I think it would be well to get started with the air force and go back to the army later, after we have read the minutes and had an opportunity to pick up any loose ends discovered from our reading the minutes.

The CHAIRMAN: Very well, I shall request Air Commodore London to be here. The next meeting will be on Thursday at 11 o'clock. The committee is adjourned.

Gov. Doc Canada War Expenditures 1946
(SESSION 1946
HOUSE OF COMMONS)

CAI XC 2
-46W12 (SPECIAL COMMITTEE

ON

WAR EXPENDITURES AND ECONOMIES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 9

THURSDAY, MAY 9, 1946

WITNESS:

Air Commodore R. A. London, Director of Equipment Supply, R.C.A.F.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1946

MINUTES OF PROCEEDINGS

THURSDAY, May 9, 1946.

The Special Committee on War Expenditures and Economies met at 11.00 a.m., the Chairman, Mr. Isnor, presiding.

Members present: Messrs. Benidickson, Black (*Cumberland*), Bradette, Cleaver, Cote (*Verdun*), Golding, Homuth, Isnor, Marier, Marquis, McGregor, McIlraith, McLure, Probe, Reid, Shaw, Smith (*Calgary West*), Stewart (*Winnipeg North*), Winkler.

In attendance: Air Commodore R. A. London, Director of Equipment Supply, R.C.A.F.; Lt. Col. William M. Thomson, Assistant Director of Ordnance Services (Provision), Branch of the M.G.O.; Messrs. H. R. Low and J. S. Irvin, Assistants to the President, War Assets Corporation.

The Chairman filed, on behalf of Colonel W. G. Denney, a statement giving answers to questions asked by Messrs. Shaw, Probe, Reid and Benidickson.

It was ordered that the statement be considered as read and included in the Minutes of Evidence.

Air Commodore London was called. He read a statement and was questioned thereon.

At 1.00 p.m., witness retired and the Committee adjourned until Tuesday, May 14, at 11.00 a.m.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

House of Commons,

May 9, 1946.

The Special Committee on War Expenditures and Economies met this day at 11 o'clock a.m. The Chairman, Mr. Gordon B. Isnor, presided.

The CHAIRMAN: Gentlemen, will you please come to order? Before calling the first witness, as agreed at our last meeting, the witness to be Air Commodore R. A. London, Director of Equipment Supply, R.C.A.F., I wish to place before you a communication just received from Colonel W. G. Denney, in reference to questions asked by Messrs. Shaw, Probe, Reid, and Benidickson. Will you consider this as read, or shall I have the clerk read it?

Mr. HOMUTH: It all depends on how voluminous the material is.

Mr. COTE: I suggest it be placed on the record.

The CHAIRMAN: Well then, it is to be considered as read and placed on the record for future printing in the minutes.

Mr. GOLDING: You have not got copies of it for us?

The CHAIRMAN: Perhaps I had better ask the clerk to read the first page. Will you read the first page, page 1?

Mr. PROBE: Might I ask a question?

The CHAIRMAN: I will give you the next opportunity to have the floor, Mr. Probe. You will be the next speaker.

Mr. COTE: I doubt if there is any us in taking up the time of the committee by reading the answers now because the witness himself is not here for a confirmatory examination.

Statement by Colonel Denney follows:—

To Chairman, Special Committee on War Expenditures and Economies.

1. As requested herewith answers for the following questions asked at your Committee's Meeting dated 7 May 46.

Question No. 1. *Mr. Shaw:*

Before proceeding to the next question, I would like to ask Colonel Denney if the Army have, at any time, acted as agents for War Assets Corporation in the disposal of surplus equipment? I know that was the case with the Royal Canadian Air Force, but I shall pursue that later. Has the army at any time acted as agents for War Assets Corporation and disposed of any surpluses whatsoever; and, if so, I would like a complete statement of such disposals carried out by the army.

Question No. 2. *Mr. Probe:*

With respect to the 200 F.W.D. returned by Ordnance or turned over to War Assets Corporation by Ordnance—what were the dates on which these were turned over to War Assets Corporation, please?

Question No. 3. *Mr. Reid:*

At the Japanese Language School there are 3 vehicles, I was just wondering why 3 vehicles were required for that school.

Question No. 4. *Mr. Benidickson:*

(a) Do you know off hand how many are Class "B" vehicles of the 23,903 and how many are Class "A"?

(b) Does the reserve maintain the same proportion of fighting and non-fighting vehicles, that is Class "A" and Class "B"?

W. D. DENNEY,

Branch of the Master-General of the Ordnance

Question No. 1—Mr. Shaw

Before proceeding to the next question, I would like to ask Colonel Denney if the army have, at any time, acted as agents for War Assets Corporation in the disposal of surplus equipment? I know that was the case with the Royal Canadian Air Force, but I shall pursue that later. Has the army at any time acted as agents for War Assets Corporation and disposed of any surpluses whatsoever; and, if so, I would like a complete statement of such disposals carried out by the army.

Answer

Prior to December, 1943, when P.C. 9108 was passed, bringing into existence the Crown Assets Allocation Committee and War Assets Corporation, the Army Salvage and Disposal Board had been constituted by P.C. 4649 for the purpose of disposing of obsolete stores, non-serviceable stores and scrap material, either by sale or conversion to some other purpose. This responsibility was confined to stores belonging to the Army.

The experience of the Army Salvage and Disposal Board was considered to be of value during the period in which War Assets Corporation was building up its organization. Accordingly, effective 1 Apr 44 the Minister of National Defence agreed to the proposal of the Minister of Munitions and Supply that the Army Salvage and Disposal Board would act as an agent of War Assets Corporation for the disposal of obsolete stores, non-serviceable stores and scrap material only, which arose from activities of the Army. As of 1st June 45, the Army Salvage and Disposal Board ceased to act as an agent of War Assets Corporation.

During the period in which the Army Salvage and Disposal Board was an agent for War Assets Corporation, moneys accruing from sales were credited to War Assets Corporation and transactions were conducted in the name of War Assets Corporation using sales orders, invoices, stationery, etc., provided by War Assets Corporation.

During the period of agency, the total amount obtained by sales was \$1,036,785.38 which was derived from the disposal of the following quantities:—

Scrap Metal—

Ferrous and Non-ferrous	10,579,365 lbs
Scrap textiles	7,257,591 lbs

Miscellaneous scrap—

Such as rubber, lumber, food containers, packages etc.	2,602,997 lbs
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Miscellaneous Items—

Non-serviceable stores or obsolete stores..	1,623,220 items
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DISPOSAL OF VEHICLES

Question No. 2—Mr. Probe

With respect to the 200 F.W.D. returned by Ordnance or turned over to War Assets Corporation by Ordnance—what were the dates on which these were turned over to War Assets Corporation, please?

Answer

23 April 1946

VEHICLES

S-20 JAPANESE LANGUAGE SCHOOL

Question No. 3—Mr. Reid

At the Japanese Language School there are 3 vehicles, I was just wondering why 3 vehicles were required for that school.

Answer:—

The 3 vehicles referred to are as follows:—

Station Wagon	1
Truck 15 Cwt. Van	1
Lorry 3 Ton, G.S.	1

These vehicles were required for Unit administration such as moving personnel between station and school, picking up rations and fuel and for liaison with Command and District Headquarters.

NOTE.—This school was organized to teach Canadian Army personnel to speak the Japanese language.

VEHICLE REQUIREMENTS

Question No. 4—Mr. Benidickson

- (a) Do you know off hand how many are Class "B" vehicles of the 23,903 and how many are Class "A"?
- (b) Does the reserve maintain the same proportion of fighting and non-fighting vehicles, that is Class "A" and Class "B"?

Answer:—

(a) "A" Vehicles	2,767 or approximately	11%
"B" Vehicles	21,136 or approximately	89%
Total	23,903	100%
(b) Approximately		
"A" Vehicles	1,552 or approximately	12.5%
"B" Vehicles	10,935 or approximately	87.5%
Total	12,487	100%

The CHAIRMAN: Gentlemen, will we consider these answers as read and to be included in the minutes?

Mr. SHAW: Why not pass them along during the course of our deliberations to-day? After all, these will not be printed for some time and I would just like to see the answers to the questions I asked. Otherwise I might have to wait for a number of days.

Mr. BLACK: There is a question I would like to ask arising out of the proceedings at our last meeting. I asked about the goods stored at the ordnance base at Amherst, where they were sent for disposal and why sent there rather than be sold to the public where they were first located; and also what were the particulars of costs of transportation and handling.

The CHAIRMAN: That is not included in the four answers tabled, Mr. Black. That question is going to entail considerably more work than these four questions. Referring to the suggestion that these be printed in our minutes so that the answers may be available to the members, the evidence will be tabled at a future date as soon as available. In the meantime, may I pass this copy of the answers to Mr. Shaw.

Mr. SMITH: I wanted to know what vehicles were moved from Alberta to points in Ontario, and at what cost. If that question has not been overlooked then I am quite all right.

The CHAIRMAN: I am reasonably sure it won't be overlooked, Mr. Smith.

Mr. SMITH: Thank you.

The CHAIRMAN: Mr. Probe?

Mr. PROBE: Mr. Chairman, arising out of a question asked on April 16, of the ordnance officer who has been a witness before this committee for some time, a series of reports were tabled here a few days ago and the statement was made in this committee, about which there was some discussion, to the effect that it cost \$4,000 to get the answer; and the statement in the press was credited to our genial chairman, Mr. Isnor.

Now, as I recall the discussion that followed it, no extra help was hired in connection with getting that material. There is a very considerable force of individuals in uniform still, I think, whose time can be well spent assisting this committee in doing as thorough job as possible. I would compliment Colonel Denney thus far on the efficiency with which he has assisted us, because he has been our most tractable witness up to date. I say that advisedly because we have been playing mental hide and seek with some of our witnesses in this committee.

Now, I must admit this, with respect to that question. Had I realized the full implications of the work involved upon Colonel Denney's staff, I should not have pressed the question in the form in which it was asked. As the chairman and the members of the committee are well aware, we have had discussions from time to time when a question seemed involved. I remember Mr. McGregor, for example, asking something dealing with real estate and it was suggested that the work involved did not warrant the search for the particular information. Now, Colonel Denney has included in his report the subject of real estate, so Mr. McGregor has his answer there, even though I did not specifically desire it. I would also point out that I asked this question and the chairman, himself, said: "Thank you very much, Mr. Probe, we will get that." There was no question as to cost or anything else involved, and the answer was tabled.

Now, frankly, I feel that the cost involved in getting that answer before this committee was something beside the point. There was no extra help employed and I think the people who got that material could go back to their records and get it without a great deal of difficulty. I think that was a misleading out-shoot, shall we say, of these committee proceedings. I do not think that even though there be a cost involved—we discussed that and came to a decision—and if a member of the committee presses for a certain answer in respect to the cost involved, we have generally agreed that that answer be obtained. We are not trying to spend money, but on the other hand we are trying to save it; and sometimes by spending just a little extra time on the part of this witness we may get the results that we are after. I just want to make my position perfectly clear that I did not wish to spend public funds and that we are actually trying to save public monies in this committee. I would just remind Mr. McGregor that he now has got his answer to his real estate question as a result of the question that I asked.

Mr. STEWART: May I suggest to you, Mr. Chairman, that you suggest to the witness, where there is a question which appears to be rather involved and where he is not quite sure of its intent, that he get in touch with whoever asked the question and clear the matter up. Had Colonel Denney done that I am quite sure that these circumstances would not have arisen. Let me again object to the statement that this question cost \$4,000. I have the newspaper reports on the matter and I do not blame them. We are supposed to be a committee looking

for economies, yet here we go spending \$4,000 just to answer a question. I still insist that I cannot credit Colonel Denney's statement that the answer to that question cost this country \$4,000.

MR. BENIDICKSON: It should be remembered that the chairman did not voluntarily make that statement; it was practically forced out of him. He stated that he did not want to pass on the item, but Colonel Denney calculated the man hours involved in finding the reply. Now unless we want to assume that men in uniform are doing nothing when they are not working for us, it is costing something for their work in answering our question.

MR. PROBE: There was not one member of this committee who disagreed with the request I made at that time. I think the committee must accept that responsibility.

THE CHAIRMAN: I wonder if the members would stand when asking questions?

MR. MCGREGOR: Just following along the same question—

THE CHAIRMAN: Would you be good enough to stand, please.

MR. MCGREGOR: The other gentlemen did not stand. I suppose I have to stand because I do not belong to the government?

MR. REID: I rise to a point of order.

MR. MCGREGOR: Will you sit down?

MR. REID: No, I won't sit down. Put that on the record that every time I speak I stand on my feet.

MR. MCGREGOR: We all know that.

THE CHAIRMAN: Mr. McGregor!

MR. REID: You know the kind of questions you ask.

MR. MCGREGOR: You bet I do.

THE CHAIRMAN: Mr. McGregor!

MR. REID: Do not impute implications to me.

THE CHAIRMAN: Unfortunately it would appear that you did not hear what I said, Mr. McGregor. I asked if the members of the committee would be good enough to follow the example as set by Mr. Probe and Mr. Stewart and stand when addressing the chair; it would help matters.

MR. MCGREGOR: If you would speak out a little louder perhaps the members of this committee would know what you are talking about.

THE CHAIRMAN: I won't be so unkind as to say that I am not as deaf, perhaps, as you are.

MR. MCGREGOR: In connection with this question of Mr. Probe's about the \$4,000, along the same lines I would deal with another point brought up the other day when I said that witnesses should be sworn. I want to follow that up and I want an answer from you, sir, as to whether statements made by the witness are true or whether statements made by the *Toronto Daily Star*, a Liberal organ, are true or not. That is what I want to know.

Of the 8,773 vehicles to be returned to Canada from overseas, 3,607 are new and still in crates, Colonel W. G. Denney, director of ordnance services (provisions), told the committee. There are 2,107 new on wheels, 3,059 used on wheels. The number returned up to May 4 was 8,312 with 461 still to come. Of those brought back, 142 ambulances, 184 dump trucks and 390 field artillery tractors were declared to War Assets Corporation.

Now, according to Colonel Denney, not one piece of these things that were brought back were declared to War Assets Corporation. I want an answer as to which is true.

The CHAIRMAN: I shall be very pleased. You ask me the question as to whether a statement made by Colonel Denney was true or untrue. I am not in a position to answer that; but you will have the privilege and the opportunity of questioning the witness, Colonel Denney, further in regard to his statement. I made no statement. Now, may I just say to Mr. Probe, dealing with his first question; referring to my reply to your question, to the words you quoted, applying to the question placed by you before the committee as recorded on page 161. Now, if you will read that question . . .

Mr. PROBE: That is the \$4,000 one?

The CHAIRMAN: The \$64 or \$4,000 question. You will find that I stated: "Thank you very much, Mr. Probe. We will get that." That was in reply to the question, as recorded, and if you will read that carefully you will find that this information was requested for "to-day or at the next meeting," and applied to "the holdings and disposals of the Q.M.G.'s branch thus far, and any other army supply agency which may not have been covered by either ordnance or the quartermaster-general." I said, "Thank you," just as I always endeavour to do when any member places a question before the committee.

Mr. PROBE: We are in 100 per cent agreement with you, Mr. Chairman, that you agreed to get that information.

The CHAIRMAN: And may I say further, my words as I recall them, subject to correction in the minutes, are rather to the effect that I was advised that the cost was about \$4,000 for preparing the answer to the said question. Now, may we proceed with the witness of the day, Air Commodore London.

Just before calling on the witness to proceed, may I suggest, following the practice of our last meeting, and the suggestion that if anything in our questions relates to what might be termed secret or confidential, that these matters be held in abeyance and discussed with the approval of the Minister of Defence for Air.

Mr. PROBE: It is assumed that the air commodore will tell us when he considers this to be secret or confidential, because we do not know.

Mr. REID: May we have the name of the witness?

Air Commodore Richard Arthur London, Director of Equipment and Supply, Air Force Headquarters, Ottawa, called.

The WITNESS: My name is Richard Arthur London and my rank is air commodore, and my appointment is director of equipment and supply, air force headquarters, Ottawa.

By the Chairman:

Q. Do you wish to make a preliminary statement?—A. Yes, Mr. Chairman, I do.

Preliminary Statement of the Director of Equipment Supply, Royal Canadian Air Force, made before Special Committee of the House of Commons on War Expenditures and Economies.

1. My purpose in submitting this statement to your Committee is to give you a general outline of the equipment policies and practices followed by the Royal Canadian Air Force during the latter years of the war and since the cessation of hostilities, as well as those in effect at the present time.

2. These remarks apply to all forms and types of equipment used in the Royal Canadian Air Force, for which I, as Director of Equipment Supply, am responsible; this does not include real property, materials used in construction engineering or medical stores.

Provisioning and Contract Cut-Backs

3. The provisioning policy varied throughout the war; in the initial stages during the rapid build-up, equipment was provisioned for 2 years anticipated requirement. This condition applied until late 1943 when, due to the turn of events in Europe, considerable reduction in aircrew requirements made it possible to close down several training schools and to reduce others. Action was taken immediately to reduce outstanding contracts for many different types of equipment, particularly for complete aircraft and related spares.

4. From this point onwards, procurement was restricted to a 3 to 6 months coverage for training requirements and 6 to 9 months for the operational program. Every change in personnel, aircraft and equipment establishments resulting from alterations in the flying program was actioned immediately; contracts were cut back to the fullest extent possible and a policy of stopping repair of certain items of which there were surplus stocks, was instituted. In this way, it was possible to avoid heavy expenditures for the overhaul of equipment and the savings made were far in excess of any value which might have been obtained through disposal of such items as were marketable. This continued until early spring of 1945 when, in anticipation of the imminent end of hostilities in Europe, a greatly accelerated termination and reduction program was put into effect. As a result of these measures, the cancellations directly due to the cessation of hostilities (V-E Day) were of a relatively minor consequence. However, in conjunction with the Department of Reconstruction and Supply, a further detailed review was made of every outstanding contract demand and further cut-backs were made on the basis of plans for participation in the Pacific theatre.

5. The policy of very restricted provisioning continued in effect until the fortunate, though unexpectedly early, end of the war with Japan. Within a few days of VJ Day, the Department of Reconstruction and Supply was provided with a detailed breakdown of all outstanding contract demands and given authority to cancel outright or reduce the majority of these.

6. From VJ Day until the present, contracts have been cut back in every case where the post-war plans made this possible and, in addition, known surpluses have been declared to Crown Assets Allocation Committee. The current policy is that procurement is limited to a 3-month coverage except for clothing and barrack equipment, gasoline and fuel, where the allowable period is from 6 to 12 months.

7. (a) The value of contract demands in effect before VJ Day and still active is \$12,064,750.00.

(b) The value of contract demands initiated since VJ Day and still active is \$11,062,200.00.

Stock Retention

8. Stocks are being retained to meet the anticipated requirement up until March 31, 1950, for the post-war Royal Canadian Air Force except (a) in special cases where the items are subject to deterioration, in which cases disposal is contingent on the reasonable life expectancy of the item, and (b), M.T. vehicles for which stocks are held to meet the estimated 2½-year commitment only.

9. In order to establish requirements, all available information, past records of consumption, wastage, etc., are utilized. In connection with specialized equipment such as signals and armament, no disposal is made of such items without concurrence of the technical branches concerned. A further point of paramount importance in computing requirements is the repair and maintenance program envisaged for the equipment concerned. It is our definite practice, as described in para. 4 above, to stop repair in order to consume surpluses. This involves the categorization of all repairable equipment. Before

authority is given to proceed with repair, a requirement is established for the item. If sufficient stock is held, the cease-repair category is allotted and the repairable items declared to Crown Assets Allocation Committee for disposal.

10. Personal, flying and protective clothing has been declared to War Assets to the value of \$9,924,000.00. Of this amount \$2,225,000.00 was shipped to Valleyfield on instructions from War Assets Corporation and it can be assumed that a considerable portion of this went to UNRRA.

11. A disposal branch is established whose responsibility it is to process all surpluses and scrap reported to it. Declarations are submitted to Crown Assets Allocation Committee where priority is given to Government departments. If there is not an indicated requirement by Government agencies, declarations are forwarded to War Assets Corporation for ultimate sale to the public. The declared equipment remains in the custody of the Royal Canadian Air Force until sale is made or until receipt is obtained by the Royal Canadian Air Force from War Assets Corporation. Exception to this procedure is in the case of bombs and obsolete ammunition—we have authority to dispose of these items by destruction within the Service. The following figures are submitted as an indication of the amount of equipment declared by the R.C.A.F.:—

Declared Surplus

1. Aircraft	\$362,548,093.00
Aero Engines	25,617,613.00
MT Marines & Heavy Aerodrome	8,528,898.00
Link Trainers	1,913,912.00
Airframe & Engine Spares & Accessories ..	101,693,796.00
Radio, Wireless & A/C Electrical	15,036,064.00
Clothing	9,924,000.00
Miscellaneous	99,414,624.00
	<hr/>
TOTAL	\$624,677,000.00
	<hr/>
2. Value of equipment disposed of that is, by War Assets	\$133,893,000.00
3. Value of equipment outstanding to date ..	490,784,000.00
4. Declarations submitted to date	6018
5. Declarations completed to date	2181
6. Declarations outstanding	3837
7. Obsolete bombs and ammunition to the value of \$1,500,000.00 has been buried or dumped in the sea. This is over and above declarations to War Assets.	

Mr. REID: Arising from the figures submitted, I have one or two questions I would like to ask of the air commodore as to the quantities of materials which have been destroyed, and regarding those quantities, if there are any destroyed, what were the estimated values and quantities of materials destroyed?

Mr. GOLDING: The estimated cost?

Mr. REID: Yes, the estimated cost. And my second question: before any materials are destroyed, who recommends that they be destroyed? Is it a set policy of your department to look over aeroplanes and all materials and come to some conclusion as to which should be destroyed before turning them over to War Assets; or, do you, when you have no further use for them, turn them over to War Assets and leave the responsibility for sale or destruction to them?

The WITNESS: Mr. Chairman, I am afraid that I have not got an answer to the first question; we will have to obtain that. But as to the second question, there is no equipment outside of what is listed in my remarks reduced to produce. It is all declared to War Assets at the present time.

Mr. REID: One of the reasons I asked the question is: that reports are printed, generally, throughout the country and photographs are taken of the surpluses of machine parts and engines, for instance, destroyed at certain depots, particularly at Calgary. I believe I had a picture myself. Unfortunately I have not got it with me this morning but I think I can locate it. It is a picture of a great surplus of products and articles from the air training centres that have been destroyed and which the public has stated it could have used. It caused considerable comment. But when I took the matter up with War Assets, I was told that War Assets had nothing to do with it; that these materials had not been declared to War Assets and that they were entirely under the jurisdiction of the air force; that the destruction had been entirely under the jurisdiction of the air force.

The WITNESS: Mr. Chairman, I cannot reconcile that. Is that recent?

Mr. SHAW: Yes, last August and September.

Mr. REID: Last August and September. It was broadcast all over the country, and I believe a statement was made by the minister, and items appeared in the press. And, a definite statement was made by the public that they had been denied the opportunity of getting these parts which would have been useful to them, and great indignation was expressed by them, by letter and other means, throughout the entire country.

Mr. BRADETTE: Could Mr. Reid get his answer now? It would not take very long.

Mr. REID: Probably it would be better if that could be brought in for the next meeting. That would be all right with me. I think in the meantime it could be quite easily obtained. You will recall that I asked War Assets for information in connection with that but apparently they had nothing to do with it.

Mr. SMITH: Mr. Chairman, I have one question which I think falls in line with the point which Mr. Reid has raised. I want to get a list of the materials destroyed at the airport located near Calgary, I think it is Currie Barracks—I don't know the number of it, the one just outside of Calgary. I personally know that destruction of materials has been going on there, not for a matter of days, or for a matter of weeks, but for some considerable time past, and I want to get a list of what was there destroyed; I mean materials of all kinds. There must be a list of it somewhere, of what was destroyed. I know a great deal was burned during the last few weeks.

The CHAIRMAN: Mr. Smith, you mean what has been destroyed by the R.C.A.F.?

Mr. SMITH: Yes.

Mr. HOMUTH: Well now, Mr. Chairman, before you go into that—

The CHAIRMAN: Would you mind letting Mr. Smith get this answer please?

Mr. SMITH: My question, Mr. Chairman, was what has been destroyed in the R.C.A.F. camp or barracks—I do not know the term to use but the officers will no doubt know the place I mean—and I don't want it particularly even since last August, because I know a good deal of that went on prior to last August. I want a list of what was there destroyed. If they say they haven't got it, and if they say it was War Assets, then I want to get it from War Assets. I want to get a list of what has been there destroyed.

Mr. SHAW: Mr. Chairman, I should like to suggest that we should get a rather comprehensive statement of the activities carried on by the Royal Canadian Air Force in connection with this matter of disposal of obsolete or surplus equipment while the Royal Canadian Air Force were acting as agents for War Assets Corporation, and incidentally while they were carrying on with a rather free hand in the matter of disposal of surpluses right up to the time

when the Minister of National Defence for Air in effect washed his hands of the whole thing, of the whole matter of disposal. Now, that is a rather comprehensive statement, I appreciate, but in view of all that was said and all that appeared in the press last summer and fall, I think it is essential that we should get that, and I would think that the Royal Canadian Air Force would feel that it is essential that this committee have that information.

The WITNESS: We will prepare a statement on that.

Mr. McILRAITH: There is one point I would like to clear up. At the end of your brief in listing the goods and equipment declared surplus I notice, for instance, air craft to a value of \$362,000,000 odd. I take it that your figures are the cost price figures; for instance, air craft no longer airworthy at all, no longer capable of being flown commercially or for any flying use whatever are shown here at the full cost price; is that correct?

The WITNESS: Mr. Chairman, that is the original cost price.

Mr. McILRAITH: The original cost price in each case?

The WITNESS: That is right.

Mr. SHAW: Mr. Chairman, just a further point in connection with that question of mine, I should like to have included in the answer a list of the names of the disposal centres where the Royal Canadian Air Force had engaged in the disposal of surpluses or obsolete Crown assets.

Mr. BRADETTE: Mr. Chairman, I should like to rise to a point of order. Some of the members rise when putting questions, and I notice that you have to rise at the rate of nearly twice a minute when making replies. May I suggest that in my opinion it should be quite in order for you to remain seated, and for members to remain seated when asking questions. That is the procedure I have seen followed on a good many committees, and I do not think that you, sir, should have to keep rising all the time just to reply to questions from members. I put that before you for consideration by the committee. At the same time, Mr. Chairman, I would like to refer to the items at the top of page 5—items 4, 5 and 6 respecting declarations; I did not quite grasp the meaning of that "declarations to date".

The WITNESS: Mr. Chairman, those are the total number of declarations submitted to the Crown Assets Allocation Committee by the Royal Canadian Air Force.

Mr. WINKLER: I wonder if the witness would care to state at this stage something about this: My question I suggest ties in with other questions which which have been put. I wonder if he would care to state what the policy of the Royal Canadian Air Force is in connection with the disposal of planes, both obsolete and serviceable, and whether when they declare them to War Assets they state into what class they fit, or do they leave it to War Assets to decide whether these craft have become obsolete, whether they should be destroyed or whether they have been considered unfit for flying. The reason I am asking this is because I have been informed that a great many of the planes which have been declared obsolete have been sold to foreign countries where flying regulations are, shall we say, of a rather low standard, and I was wondering whether that was the duty of War Assets, or whether it is the responsibility of the Royal Canadian Air Force to decide whether these planes are airworthy or whether they should be destroyed.

The WITNESS: Mr. Chairman, all declarations of air craft are made, as I said before, to the Crown Assets Allocation Committee and we have no part in the ultimate disposal of them.

Mr. MARQUIS: But you make the choice of the air craft which are to be turned over to War Assets.

The WITNESS: Granted.

Mr. MARQUIS: It is up to you to make the choice.

The WITNESS: Yes, Mr. Chairman, that is correct.

Mr. REID: Mr. Chairman, I wondered if it would be too much to ask the Air Commodore to supply information as to the disposal of engines and Link trainers, a breakdown. I was wondering if that would entail a great deal of expense; and also, and this is my second question, regarding aero engines and their disposal, and are these engines which have been in use or are numbers of them new, never been used? I ask these questions because when the War Expenditures Committee was making an investigation throughout the various air depots we were informed in regard to aero engines that an aero engine had a definite life of so many miles, and I was wondering how many of them were new and how many of them were used; and also whether he could give us a breakdown of the various types from which surpluses have been declared. I wonder if we could have that?

The WITNESS: Mr. Chairman, I will endeavour to supply that information.

Mr. GOLDING: I wonder if I can ask the witness whose duty and responsibility it is to decide whether these planes are of any more value for flying purposes or whether they should be scrapped; whose duty and responsibility is it to make the decision in regard to these planes?—A. Air staff and air force headquarters decide on the type to be retained or disposed of, and the engineering staff from the technical point of view as to the condition of the air craft.

Q. But after you have declared the surplus and so forth does War Assets decide whether they are fit for flying, who makes the final decision before they are either scrapped or sold?—A. As far as the air force is concerned we declare them, and it is up to War Assets, I presume in conjunction with the Department of Transport, to decide as to their future.

Q. Would it be the Department of Transport, the officials of the Department of Transport, who would decide that point?—A. I am afraid, Mr. Chairman, that I cannot answer that. As far as we are concerned in the R.C.A.F. they are declared as being no longer required by the air force to the Crown Assets Allocation Committee. What happens to them after that, I do not know.

By Mr. Marquis:

Q. Before declaring them surplus, does the R.C.A.F. decide to destroy things, or is that decision taken by the War Assets Allocation Committee, or by the War Assets Corporation; who makes the decision with regard to the destruction of supplies or equipment?—A. Mr. Chairman, at the present time the Royal Canadian Air Force is not destroying any equipment.

By Mr. Stewart:

Q. What about the past; who had the say in the past as to what would be destroyed?—A. Mr. Chairman, that will be covered in our statement.

By Mr. Reid:

Q. I think we should have information as to aeroplanes and types covered by this item here which gives a value of planes declared surplus to date amounting to \$362,548,093. I was just wondering if it would be giving too much information to the public to tell us the type of aircraft that have been declared surplus, and also the quantities?—A. Mr. Chairman, I have that information with me here, do you wish it read out?

Q. Personally I would. I do not know whether the other members would like it or not, but I would like to have that information.—A. The statement follows:—

Type	Declared to W.A.C.	Total value of declared items
Anson I.	915	\$ 26,883,615
Anson II.	1,461	68,667,000
Anson III.	56	1,434,944
Anson IV.	159	5,468,010
Anson V.	505	24,745,000
Battle.	391	16,691,790
Beaufort Inst.	3	6,000
Bolingbroke.	368	49,128,000
Canso.	80	25,708,560
Catalina.	24	7,080,000
Cornell.	83	1,680,750
Lycoming Cornell.	1	19,000
Cessna Crane.	517	19,301,678
Digby.	6	1,068,120
Dragonfly.	1	16,740
Fairchild.	1	10,900
Fleet Fawn Inst.	4	8,000
Fleet Finch Inst.	9	18,000
Fleet Fort.	70	21,805
Goose.	12	1,233,000
Harvard.	95	4,360,500
Hampden Inst.	1	2,000
Hurricane.	169	9,295,500
Kittyhawk.	72	4,860,000
Liberator.	81	32,400,000
Lancaster.	28	8,217,160
Lockheed.	61	8,939,300
Lysander.	256	9,392,768
Moth.	694	3,428,906
Norseman.	24	1,260,600
Nomad.	19	1,265,400
Oxford.	391	10,847,122
Stinson.	20	544,000
Stranraer.	22	4,796,000
Swordfish.	66	2,508,000
Ventura.	31	5,983,000
Walrus.	5	165,000
Mosquito.	2	349,000
Yale.	86	4,054,900
Siskin Inst.	1	2,000
Hotspur Glider.	1	11,848
Expediter.	3	295,854
Fortress.	1	278,323
	6,790	\$362,548,093

By Mr. Cote:

Q. In connection with the value of the planes you have indicated in this statement, would it not have been better had you used the term "original cost"? It might be confusing to leave the term as you use it there.—A. Mr. Chairman, all values given are the original cost.

By Mr. Black:

Q. Mr. Chairman, do these values include the cost of all the component parts, the equipment and so on?—A. That is the cost of the complete air craft, the original cost of the complete air craft.

The WITNESS: Mr. Chairman, in connection with item "Fleet Fort" that figure is obviously in error and will have to be corrected.

Mr. SMITH: Mr. Chairman, I wonder if you would look at the last page. I have a suggestion to make. It is obvious that the witness has just shown us a breakdown, and it must be obvious also that we have breakdowns of the items on the following pages. Some of them we would not, perhaps, need to bother with, such as clothing and aero engines. We would probably want to know only the number. What does M.T. marine and heavy aerodrome mean, the second item on the last page?

The WITNESS: That covers mechanical transport, marine craft and heavy aerodrome construction equipment.

Mr. SMITH: Then we come to Link trainers. That would be merely the number, I think, that would be the only thing the committee is interested in. Then, we come to airframes and engine spares and accessories. Naturally, we would not want every little part, but could we not have some sort of major breakdown of them. Then, we come to radio, wireless and a/c electrical; and then the last item, particularly, miscellaneous, \$99,414,624. Now, in order to get these totals, it is obvious that someone in the organization has a breakdown which would be interesting to us and which would not involve more than a matter of mimeographing, to get such a breakdown of these things. If we had that, it would save us a great deal of time and the committee could decide whether it should be printed. We have had something of that kind from other witnesses. We could take such a report back to our rooms and study them and then ask questions about the items in which we were interested and, perhaps, thereby save a great deal of general questioning and a great deal of time. I put that suggestion forward to you as a manner of getting at the meat of this business.

Mr. BLACK: I agree with what Mr. Smith has said. I think these matters are of tremendous concern to the members of this committee and that we, as members of the committee, should have a copy put before us. It is almost impossible for us to grasp these figures and understand what they mean. I am not satisfied with this evidence; it is no good to me until we get the stenographer's report.

The CHAIRMAN: Yes!

Mr. BLACK: But if we are to deal with it and discuss it now, we should have it in some form in which we could examine it.

Mr. GOLDING: I think Mr. Smith's proposal is a very sensible one, and if it could be arranged it would be very helpful.

The WITNESS: That could be broken down. When we gave these figures as broad items, it was purely for your information; but if you want further information, we can produce it.

Mr. SMITH: I did not intend to be critical, but just to offer a suggestion which I thought might be helpful.

The CHAIRMAN: You specified particular items, Mr. Smith. Is that right?

Mr. SMITH: No. Let me put it this way; I did specify three, I mentioned some, the answers to which would be very simple: Link trainers. I imagine that would be merely a question of number, and we can do our own division. I do not think the committee would want any great detail on that. The clothing

item, for instance, I do not see any objection to that, but the other items you see there, the item for miscellaneous, \$99,414,624. That is a hell of a lot of miscellaneous; I mean that is a great deal of miscellaneous. I am sorry.

Mr. STEWART: Strike that from the record.

Mr. SMITH: I do not care; but you can see what I have in my mind. Get the number of Link trainers. I do not think the committee wants the clothing in great detail.

Mr. MARIER: Or the number of buttons and pins.

Mr. STEWART: The matter I bring up may be small, but it is with respect to storage batteries which have been declared surplus and sold to War Assets. The answer I got was so run-around that I am suspicious. I would like the air commodore to satisfy my curiosity in this matter. I would like him to tell us, at the next meeting if possible, how many storage batteries were declared surplus to War Assets; if they were damaged, and if so, in what way were they damaged; and what was the cost of these storage batteries to the R.C.A.F. That would be my first question.

By Mr. Reid:

Q. In giving the various names of aeroplanes and the cost, where was the cost obtained? How did you arrive at the cost as given to us? I asked that question because I can say candidly, subject to memory and checking up, that the costs given to us are far out from the cost given to me when I was a member of the War Expenditures Committee, on those same aeroplanes, and I am just wondering where these costs come from?—A. Mr. Chairman, on the air craft prices, they were given on the available information that we had as to the cost, the contract price; and the others, it was an estimate.

Q. These machines, so far as we know, were produced by the Department of Munitions and Supply on the order of the air division. They received a requisition for a certain number and type of aeroplane, and these were all paid for by Munitions and Supply Department. I am just wondering where you obtained the costs?

Mr. McILRAITH: They were paid for by the air force.

Mr. REID: They were billed by them, deducted against the accounts and expenditures in regard to the air force. But some of these are so much out of line with the cost as given to us in war expenditures, that I am curious to know where you got the cost as given to us this morning?

By Mr. Benidickson:

Q. Following up Mr. Smith's question: I take it that we will get the number of aero engines and the type and the costs; and with respect to the second item, with respect to mechanical transport, marine and heavy aerodrome equipment, I think that this, too, should be broken down. Could we have a brief discussion of the items, just the totals and the costs? I think we would be satisfied simply to have the number—A. Do you want the types or just the totals?

Q. I think, with respect to marine equipment, that we might have a little detail as to marine boats. And particularly with respect to this heavy aerodrome equipment; I have had a number of inquiries as to where some of the tractors and bulldozers are, for example. And again, with respect to airframes, engine spares and accessories, the types and number of each and the costs would be adequate. Could a statement be given too, Mr. Chairman, on this report, as to what equipment is in a used condition, at the time of the declaration. Then, I am wondering with respect to item 2, what it means: value of equipment disposed, \$133,893,000. I was out of the room for a few minutes attending another committee meeting, so it may have been explained.

By Mr. Cote:

Q. Following this question, Mr. Chairman, I just wanted to know whether the witness could have available this breakdown as suggested by Mr. Smith, for Monday, and whether it could be distributed to the members so that we could work on it before our next meeting. We have a very good breakdown of the air craft surplus on which the members will have time to work before the witness reappears before the committee; but I would like to have a breakdown as requested by Mr. Smith to be put at the disposal of the members of the committee before the next meeting, if possible. I understand we are meeting next Tuesday?—A. Mr. Chairman, I have been told by my adviser that it is impossible to have it ready by Monday, a detailed breakdown of information that you require.

The CHAIRMAN: Mr. Probe?

By Mr. Probe:

Q. Will the witness also include in his next statement the amount of this various equipment, and the location; that is, how much of it was on foreign soil and in other countries than Canada, in each of the various categories?—A. The answer to that question is known. That is all in Canada.

Q. Then, you have had no equipment returned to Canada? That is a follow-up question to that.—A. Mr. Chairman, we have had equipment returned to Canada before V-J Day, for the training of the Pacific force, air craft and their ground handling equipment and one thing and another; they were returned.

Q. Could we have a fairly comprehensive statement of what was returned from overseas?

By Mr. Homuth:

Q. I think there is something we can clear up. I think the witness said this morning they would declare these materials surplus and they would be turned over to War Assets. Now, in turning them over to War Assets, was it the responsibility of the air force to state, in their declaration, whether those planes were still serviceable or not?—A. Mr. Chairman, in our declaration, we take no technical responsibility for the condition of the aircraft. We give the flying time and any pertinent data like that, but as to the technical responsibilities, whether they are flyable or not, we do not.

Q. Then, in connection with those planes that your technicians would say are no longer serviceable or no longer fit for flying, would the stripping of them be done by the air force or by War Assets? Just how is it arranged, that is, the stripping of the instruments and everything on them?—A. Mr. Chairman, the general policy is that we do not do any stripping except with respect to equipment that we need for reserve stock.

Q. Now, might I just ask: How long has that been the policy? Could you answer that question? In so far as the air force not stripping any planes except for instruments for their own use?—A. Mr. Chairman, it has been the general policy to strip for what we require; but what happens after it has been turned over to War Assets, I cannot tell you.

By Mr. Stewart:

Q. But when planes are declared surplus, does not the air force decide whether they are airworthy?—A. No, Mr. Chairman.

By Mr. Smith:

Q. Would you mind explaining that item too, which purports to show the value of equipment disposed of. By whom was it disposed of, and to whom?—A. That is the value of equipment that War Assets have given us receipts for.

Q. You mean with respect to equipment for which you received receipt from War Assets?—A. Yes.

The CHAIRMAN: Mr. Shaw?

By Mr. Smith:

Q. I take it that that receipt is not given until it is delivered; so we can regard that as a delivery, can we?—A. Yes, Mr. Chairman, to War Assets. Mr. Chairman, that covers either sold or custody taken over by War Assets.

By Mr. Shaw:

Q. I find paragraph 11 on page 4 to be somewhat confusing:—

A disposal branch is established whose responsibility it is to process all surpluses and scrap reported to it.

I should like to have an explanation of that word "process", as used in that connection. Then, further down the page,—

Declarations are submitted to Crown Assets Allocation Committee where priority is given to government departments.

I should like to have an explanation of the latter part of that sentence. It seems to me that the R.C.A.F. are going beyond their own field in that statement, and that the same is true in the following sentence:—

If there is not an indicated requirement by government agencies, declarations are forwarded to War Assets Corporation for ultimate sale to the public.

Now, the R.C.A.F., if I am correctly informed, do not forward declarations to War Assets Corporation, do they? I understand you deal with Crown Assets Allocation Committee, and that the Crown Assets Allocation Committee deals with War Assets Corporation. I gather from your brief that you have gone beyond your field of jurisdiction?—A. That is correct. We declare everything to Crown Assets Allocation Committee and this is just further information.

By Mr. Marquis:

Q. But does the Crown Assets Allocation Committee report to you materials which are to be turned over to Crown Assets?—A. A copy of their direction comes to us.

By Mr. Golding:

Q. The witness, I believe, was going to make some explanation of that item of \$99,414,624, for miscellaneous?—A. Mr. Chairman, as I explained before, we break down our declarations into main headings as listed; and the miscellaneous items are everything else, such as barrack equipment, land line equipment, tools, paints, kitchen equipment, photographic equipment, and everything else. I did not put it in the statement at the time; and if I may add a remark along that line, a general statement goes into our deputy minister every month, of our declarations, and it is carried on in the same way.

By Mr. Stewart:

Q. On page 5, item No. 3, "value of equipment outstanding to date, \$490,784,000"; do I take it that, as at this date, the air force has this much on hand not yet taken over by War Assets?—A. May 1st is the date.

By Mr. Bradette:

Q. With respect to the items of procurement, I notice on page 2:—

Every change in personnel, aircraft and equipment establishments resulting from alterations in the flying program was actioned imme-

diately; contracts were cut back to the fullest extent possible and a policy of stopping repair of certain items of which there were surplus stocks, was instituted.

I find myself rather baffled by that statement. Did you have to pay a crew there? Was it not the general policy to maintain what you had in hand in fairly good shape, as long as you had proper equipment to do so? If I understand that statement, a procurement that was not repaired eventually and was ready for destruction—you could hardly turn it over to War Assets Corporation, because it became of practically no value?—A. We turned it over to War Assets in a repairable condition and noted as such.

Q. You turned it over to War Assets in a repairable condition and noted as such?—A. Yes.

Q. So, if it was not repaired at the time, it was eventually repaired and it would be in a fair condition when turned over to War Assets?—A. No, we would not go any further on the repair of items; but since they were surplus, we would declare them to War Assets Corporation as such.

Q. It is stated here:—

Stopping repair of certain items of which there were surplus stocks.

You were using new stock, not the stock that was repaired; but if you had repair crews at the time?—A. If I may follow: that is serviceable stocks not necessarily new stocks.

By Mr. Reid:

Q. I wonder if I could ask the Air Commodore a few questions? Does the material that has been accumulated under the jurisdiction of the air force at Boundary Bay, has that material been yet declared surplus to War Assets? And another question: I trust the Air Commodore will not take this in any personal sense at all: but I think it is particularly important because it has to do with the right of a member of parliament as compared to the service, in this instance, to the air service.

During the Easter time, I went to Boundary Bay air field where I found surplus materials that had been accumulating there for past months, under the jurisdiction of the air force. Upon asking the officer in charge a question or two, he stated he had been instructed not to answer one question that I asked him. I then asked him; I said, "I realize you are under orders, sir; but would you not be good enough to answer this question: Has this material here yet been declared surplus?"

To my surprise, he stated: "You had better go somewhere else and ask that question. I am under orders not to answer any questions to you."

I am now asking you two questions. First, has such surplus material at Boundary Bay been yet declared surplus to War Assets? And secondly, is it the policy of your department, your air force, to refuse to answer questions to a representative of the people who, in good faith, asks them on behalf of the people, what is being done?

MR. BENEDICKSON: Could the answer to that question be deferred?

THE CHAIRMAN: No, we will get an answer in just a minute.

THE WITNESS: Mr. Chairman, to the best of our knowledge, the equipment at Boundary Bay has been declared to War Assets.

By Mr. Reid:

Q. At what date?—A. At various dates, Mr. Chairman.

Q. Could I have the dates? If you have not got them now, could I have them at our next meeting?—A. We will prepare a statement on the declarations.

Q. Would you care to comment on the other matter, Air Commodore London, or is it beyond your jurisdiction?—A. I would prefer to defer an answer to that question because I have not got the information.

By Mr. Benidickson:

Q. I think our chief interest in examining the officers of the armed services is to try to determine, if we can, the speed with which declarations of surplus materials have been made. I see we have a total here under item 4 of declarations submitted to date, 6,018. I wonder if it would help the committee if we could find out how many of those declarations were made in the past three months, and how many were made in the three months prior to that, and the value in each quarter-year?—A. We can prepare that information.

Q. I take it that the air force have pretty well concluded their survey of post-war requirements. Is that correct? You have pretty well made the estimates of what equipment you had on hand after the war that should be retained by you for post-war requirements?—A. We have just recently received our post-war requirements and we could say that practically we have all the information now.

Q. I was wondering whether or not you could tell the committee what volume of surplus equipment is still to be declared? You have already told the committee that you have declared \$624,000,000 and some odd thousand; and now, with respect to what your post-war requirements are to be, is it possible for you to tell the committee, at a future meeting, just roughly, even, what further value of equipment is likely to be declared surplus by the air force?—A. We could give the aircraft N.T. but the rest of the equipment there would be quite hard to give at the present time.

Q. Would you be able to include in that estimate heavy aerodrome equipment?—A. Yes, Mr. Chairman, we could include that.

By Mr. McGregor:

Q. Along with this equipment, as asked for by Mr. Smith, I understood you to say, a few minutes ago, that you had a list which you had submitted to the deputy minister. Would that list be submitted to this committee?—A. Mr. Chairman, that is identical to the information we have submitted on my report.

Q. There is no breakdown of these items?—A. No further breakdown.

Q. Was that \$99,414,624? There is no breakdown of that?—A. No further information than we have shown.

Q. As far as the value of planes are concerned, you say that the values you gave, the prices you gave, would be the actual cost of the planes delivered to the government? Do I understand that right?—A. It is the best available data that we have on the cost of the aircraft.

Q. What I want to get at is this: When we visited airplane factories, we ran across such questions as this: when you asked for the price, what is the cost, say, of a Lancaster, the answer would be: the cost was so much money; but, after a lot of wiggling and asking different questions and one thing and another, we finally woke up to the fact that there were certain free issues in those planes that were not in those costs. So, what I want to know is: wherever this may come from, what is the total cost of the plane, and not the cost paid to the factory that is supplied partly with free issues by the government which are not in the cost of the planes. What I want to know is: the total cost of the planes. I do not know whether that comes from your department or from some other department; but that is all I want and I hope that the air commodore will take notice and see that it is supplied.

The CHAIRMAN: What is the complete cost, not a part of the price?

Mr. GOLDING: Mr. Chairman, in regard to the statement now being asked for by Mr. McGregor, we were informed, when we made inquiry into the cost

of the planes, the cost in the various manufacturing plants, we were informed what the free issues were and the values of them. That is on our records.

Mr. BLACK: As I understood the reply, the witness said that the cost of these aeroplanes included everything complete; that is the answer.

The CHAIRMAN: Complete. That is what I took it to be.

Mr. BLACK: And that is the meaning that I took from the answer to my question this morning.

The WITNESS: To the best of my knowledge, that is the price that we have submitted.

Mr. PROBE: I presume that the witness is here to answer on behalf of the R.C.A.F. He has left out from his preliminary statement the question pertaining to real property, materials used in construction, engineering, or medical stores; and I believe it is in the interests of this inquiry that a statement be prepared dealing with those three headings; and I would ask, Mr. Chairman, that a statement relative to the commodities included in those classifications be included as well.

The CHAIRMAN: Page 1, clause 2, is it?

Mr. PROBE: That is right; and that is on page 3, Mr. Chairman, section 7, clause 7, he suggests that there are still \$12,000,000 and some odd dollars worth of contracts still active. May we have from the witness a general breakdown as to what is included by unfilled orders which are contained in clause 7? There is one thing more that I should like to have, and it deals with this matter of repairing, as mentioned on page 4, and to which Mr. Bradette has drawn some attention.

We had previous evidence here of materials being repaired at Penfield, which were subsequently reduced to scrap. I believe that the air force was implicated in that particular statement made at that time. I wonder if the witness could also give us a statement, next day, dealing with the truth or otherwise of the statement: that there had been repaired, particularly, wireless sets which had been brought in from all parts of Alberta and elsewhere for repair, and which had subsequently been reduced to scrap?

The CHAIRMAN: Was that evidence or a statement?

Mr. PROBE: I believe it was a statement.

Mr. SMITH: Mr. Probe has just asked the very question that I intended to ask; it had to do with paragraph 7, and it has been covered.

By Mr. Benidickson:

Q. Following up my question—

The CHAIRMAN: You will be next, Mr. Benidickson; I believe the air commodore has a statement to make in reference to the question asked by Mr. Probe and the question asked by Mr. Smith.

The WITNESS: That is the value of the outstanding contracts.

The CHAIRMAN: That is covered on page 3, clause 7?

The WITNESS: Contract demands raised before V-J Day, miscellaneous spares \$79,500; M.T. spares; miscellaneous spares, \$79,500; M.T. spares, \$24,000; wireless repairs, \$299,000; armaments, photographic equipment, \$172,500; photographic material, \$20,500 miscellaneous electrical stores, \$79,000. Workshop equipment and tools, \$10,000; metals \$25,000; general chemicals, paints, disinfectants, \$73,500; hardware and rubber—

By Mr. Benidickson:

Q. You are going too fast; we have not got a list and we have to put it all down.—A. I am sorry. Hardware and rubber materials, \$4,800; barracks

cleaning materials, \$35,000; miscellaneous, cases and packages, \$8,000; timber, cordage and textiles, \$10,500; heating fuel, \$160,250.

By Mr. Smith:

Q. That would help Mr. Howe out?—A. Fuel oil and diesel oil, \$57,000; clothing, that is, boots and shoes, \$28,700; Dominion aircraft and spares, \$10,000,000; Canadian built twin engine aircraft, \$500,000; design and manufacture of jet propelled aircraft, \$500,000; making a total of \$12,064,750.

Now, the contract demands raised after V-J Day, airframe spares, \$138,500; engine spares, \$12,000; miscellaneous spares, \$269,500; M.T. spares, \$2,600; wireless repairs, \$107,000; armaments and photographic, \$95,000; miscellaneous electrical stores, \$4,100; heating fuel, \$30,500; fuel oil and diesel oil, \$510,000; clothing, boots and shoes, \$466,300; office appliances, \$92,000; aviation and M.T. gasoline, \$1,000,675; conversion of Lincoln aircraft to Tudor, \$1,000,000; modification of Lancaster air craft for photographic work, \$19,700; to cover purchase of United States war reserve stock, \$5,550,000. Spares, outstanding in British lend-lease requisition, \$1,090,000.

By Mr. Smith:

Q. What does that mean?—A. This figure does not represent additional procurements. This was provided to reimburse the United States government for spares which, although obtained on lend-lease requisitions, were consumed in the western hemisphere operations and are therefore a legitimate charge against the Canadian government. The total is \$11,062,200.

By Mr. Probe:

Q. May I ask the witness further to that statement: does the air force own its own Hollerith equipment?—A. No, it does not.

Q. Then you have to lease it from the Hollerith Machine Company itself?—A. We have it on a rental basis.

Q. Then you service it as part of the rental agreement?—A. Mr. Chairman, the Hollerith people provide the services.

Q. But you have an item there covering the servicing of Hollerith equipment?—A. No, that covers rental of Hollerith equipment.

Q. I beg your pardon. I have one more question: is there any of this equipment still on contract, that is ordered on contract, which has been declared surplus, in either form, concurrently with the fact that these contracts are still alive?—A. There might have been certain items that might become surplus but the change in post-war plans would mean that they would be immediately deleted from the contract, if not delivered.

Q. It is a purely nominal amount that is involved?—A. That is right, Mr. Chairman.

By Mr. Benidickson:

Q. Mr. Chairman, in the preliminary statement given to us here, we have under item 5 an indication that 2,181 declarations of surplus have been completed to date which, I take it, means that in the matter of 2,181 declarations, War Assets Corporation have acknowledged receipt of the equipment and have taken it in hand?—A. That is right, Mr. Chairman.

Q. In order, again, to see how quickly War Assets are tying in with your declaration of surplus, I would like to know how many of these declarations were completed within the past three months, and how many within the period of three months before that?—A. I would like to state, at this time, that in a declaration or declarations submitted to date there might be a couple of hundred items included in one declaration and that for a number of those items we have received a receipt from War Assets.

Q. I do not understand you?—A. In other words, a declaration might cover a lot of different items, hundreds or more; and there might be quite a proportion of those items that we have received a receipt from War Assets for; and, secondly, that a declaration may be still outstanding with respect to the remaining items on the declaration.

Q. I was impressed by the fact that the items under 5 and 6 add up to the same as the total in item 4; and I took it that you told War Assets in 6,018 declarations, that you have certain equipment for disposal; and then, I take it, that they have in 2,181 declarations taken over the goods from you?—A. They have completed those 2,181 declarations.

Q. And that means that 3,837 of your declarations are still not taken out; that they have not caught up to you to the extent of 3,837 of your declarations?—A. No; I will say, in part, they are still outstanding.

Q. You will say that in part they are still outstanding; then, even so, I guess we could still be told how many of the 2,181 declarations completed to date were completed within the past three months; and how many of these were declarations completed within the three months immediately before that?—A. Yes, Mr. Chairman, we can obtain that information.

Q. Then, with respect to the 6,790 aeroplanes declared surplus, were any of these unused planes?—A. Mr. Chairman, I am afraid I haven't that information with me at the moment, we will produce it later.

Q. What I am wondering about is whether we can get a rough idea as to what proportion of that total are planes in practically unused condition. Now, I believe that there is but a few hours flying time on some of these planes. Suppose there were less than one hundred hours on a plane, would you call that a used plane? Could we have it broken down to show planes with more than one hundred hours use, and those which are in relatively new condition, having had less than one hundred hours—or any other figure that would establish a dividing line between what the committee would generally regard as unused planes and used planes?—A. Mr. Chairman, I am advised that all the aircraft in that list, with the exception of some of the Anson IVs had considerable flying time on them.

Q. Then one other question before I sit down, Mr. Chairman. We have been told that among the contracts current after V-J day was a contract of some \$1,000,000 for the conversion of five Lancaster planes to the Tudor type, costing roughly \$200,000 for the conversion of each plane. Could the witness tell us the original cost of each of the Lancasters?—A. Mr. Chairman, the item of \$1,000,000 covers the conversion of five Lincoln aircraft to Tudor aircraft.

Q. Lincoln, I beg your pardon. Will we be able to get an answer to that?—A. We have not taken delivery of these aircraft, they are still in the hands of the contractors. The original contract was not an R.C.A.F. contract.

Q. Has the witness any knowledge as to which department of the government would be charged for the cost of the aircraft prior to their delivery for reconversion?—A. Well, Mr. Chairman, I presume it was Mutual Aid, I am not sure.

By Mr. Reid:

Q. In regard to sport equipment I see that in many depots there is a considerable amount, supplied by the officers and the men. How is disposal of equipment of this type handled? I have in mind certain types of equipment such as bowling alleys. I understand on making enquiries that these belong to, rather I should say were supplied by, the men and the officers at the depots.—A. Mr. Chairman, I am afraid I cannot give you an answer to that because it is non-public funds and they are not under our control.

Mr. COTE: Mr. Reid, are you not interested in bands?

The CHAIRMAN: Mr. Smith has the floor.

By Mr. Smith:

Q. The question I have to ask will only take a moment. In relation to item 7, the value of contract demands; what does that term "contract demands" mean?—A. Mr. Chairman, the R.C.A.F. are demanding on the D.R. & S. for that.

Q. And what does D.R. & S. mean?—A. Department of Reconstruction and Supply.

The CHAIRMAN: Mr. Shaw.

Mr. SHAW: Mr. Chairman, I find myself becoming increasingly curious about the statement on the bottom of page 3: "It is our definite practice as described in para. 4 above to stop repair in order to consume surpluses." I can see where the question of overhaul is concerned that where a machine is in a very bad state of repair that this may be a wise policy to pursue. I would like to know, at a subsequent meeting, just how far this policy is being carried, because with limited business experience I could at least say that I know what would happen in the case of an automobile which I owned if I refused to make some minor adjustments, let us say, in connection with it. I am not asking that this be given to-day, but I would like to know just how far that policy is carried—a general statement.

Mr. REID: Mr. Chairman, I have one further question: During the height of the war it was reported that the air force bought a number of highland uniforms. I was rather curious to know why they had not been declared surplus; and, where are they?

Mr. PROBE: They are obsolete.

Mr. REID: They even went so far as to manufacture a tartan of their own, designed the cloth. I tried one on one occasion, but I handed it back. I want to know whether or not they have been declared surplus; and, if not, where are they?

The WITNESS: I am afraid I cannot give you an answer to that.

Mr. REID: I am serious about this, where are they; are they being kept for future use; and if not, why have not these tartans been declared surplus?

The WITNESS: Mr. Chairman, I will make an enquiry into that.

Mr. REID: If you would, please, I am particularly interested in that.

By Mr. Cote:

Q. Before we adjourn, Mr. Chairman, I have a question to put. It is quite possible this question may have been asked while I was away for a moment answering a telephone call. It relates to the post war requirements of the air force. I do not know whether any other member of the committee has asked the witness to enlarge on this or not. There is a preliminary statement on page 3, paragraph 8. I would like, first, to know whether it is a definite policy of the air force to provide for a two and one-half year period as far as stores are concerned, or if these may vary according to the type of stores involved, location of unit, and so on. In the second place I would like to know if this provides for post-war personnel of the active force only, or do you include cadets and reserves and personnel of that type; and, would it be possible to give us an estimate of the aggregated value of the stocks retained for post war requirements on the basis of a two and a half year scheme, or whatever other base may be used.—A. Mr. Chairman, the first part of the question was, if I remember correctly, are we basing our requirements on a two and a half year period or not; as I indicated in the statement here we are basing it on up to March 31, 1950, with the exceptions which I have listed here—special cases where items are subject to deterioration, such as tires, batteries and rubber materials, with respect to each of which a storage life has been laid down.

Mr. PROBE: Have we a quorum, Mr. Chairman?

The CHAIRMAN: We are just about to adjourn.

Mr. PROBE: I want to ask one more question.

The CHAIRMAN: Just a moment, please; Mr. Cote has not finished. I think you had another part to the question, Mr. Cote?

Mr. COTE: My other question had to do with the personnel involved in the provision made for the post war requirement.

The WITNESS: That covers the active force as laid down of 16,100, auxiliary forces 4,500 and a reserve of 10,000 plus 15,000 projected air force cadets.

Mr. PROBE: With respect to the declarations made to Crown Assets Allocations Committee—

The CHAIRMAN: There is a third question by Mr. Cote still to be dealt with.

Mr. COTE: It had to do with the value of stores.

The WITNESS: It is not the air force policy to keep cost accounting records of the value of holdings of equipment. If that is required we can get it in certain cases, although in some instances it will be an estimated value; but, to check up our records from all our holding units, our depots, will take some considerable time to produce, but it can be produced if the committee desires.

Mr. COTE: I do not want to go that far. I just thought it would be possible to give the committee an approximate idea of the value the air force would keep on hand as provision for the future years, as far as stores are concerned.

Mr. BENIDICKSON: Mr. Chairman, I just wanted to make one point. It is not a question.

The CHAIRMAN: Mr. Probe asked for the floor, you may proceed subject to his concurrence.

Mr. BENIDICKSON: Mr. Chairman, we have all been asking a number of questions to-day and I realize some of them are involved and they will require a lot of research in the preparation of the answers. I wonder if we could make some arrangements whereby the witness could confer with you—with the consent of the committee—and report back where we have asked a question or questions which involve a good deal of labour and expense. You could then find out from the member, or the witness might confer with the member concerned, whether the expense involved in preparing the answer was really justified. Take in my own case, for instance, I appreciate that some of my questions are more important than others; some of them could probably be answered at very little expense, while others might be more involved. I think the other members of the committee share the views I have expressed, that we should try to evolve some machinery whereby we can get a clear picture of just what is involved in preparing an answer to questions.

The CHAIRMAN: Thank you very much, Mr. Benidickson, I think that is a sound suggestion. The only danger I see in it is that someone might accuse the chairman of trying to withhold some information. But, with the approval of the committee I will pass the suggestion along to the witness now present, and other witnesses who may appear, and ask that the committee be supplied with information of the type you have suggested.

Mr. PROBE: With respect to the declarations that were made to the Crown Assets Allocation Committee by the Royal Canadian Air Force, in some cases the witness said that these declarations were partly taken up by the War Assets Corporation. I would like to know in general why it is that the complete declaration of the contents of a particular building and so on are not taken up entirely at one time, or are not turned over at one time.

The WITNESS: I think the answer to that is that a portion of the equipment on these declarations is saleable, and some of the equipment is not.

The CHAIRMAN: Now, gentlemen, before we adjourn I wonder whether this witness is ready to carry on tomorrow, Friday; or whether he will have sufficient material with which to proceed.

Mr. SHAW: It would seem to me that much that is to follow will evolve out of the answers to the questions which have been asked to-day, and if we were to sit tomorrow it is probable that it would be the result of raising more questions. I would like to see the answers to those which have already been asked first.

The CHAIRMAN: Then, gentlemen, we will adjourn until Tuesday next at 11.00 o'clock a.m.

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Canada. War Expenditures. 1946
IN ECONOMICS
UNIVERSITY OF TORONTO

(SESSION 1946

HOUSE OF COMMONS)

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(SPECIAL COMMITTEE

ON

WAR EXPENDITURES AND ECONOMIES)

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 10

TUESDAY, MAY 14, 1946

WITNESS:

Group Captain Victor S. J. Millard, Supply Staff Officer, R.C.A.F. Maintenance Command Headquarters, Uplands, Ont.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1946

MINUTES OF PROCEEDINGS

TUESDAY, May 14, 1946.

The Special Committee on War Expenditures and Economies met at 11.00 a.m., the Chairman, Mr. Isnor, presiding.

Members present: Messrs. Benidickson, Black (*Cumberland*), Bradette, Cote (*Verdun*), Golding, Homuth, Isnor, Lalonde, Marquis, Murphy, McCullough (*Assiniboia*), McGregor, McIlraith, Probe, Reid, Shaw, Smith (*Calgary West*), Stewart (*Winnipeg North*), Winkler.

In attendance: Group Captain Victor S. J. Millard, Supply Staff Officer, R.C.A.F. Maintenance Command Headquarters at Uplands, Ont.; Mr. H. R. Low and Mr. J. S. Irvin, Assistants to the President, War Assets Corporation.

A report on the Committee's proposed visit to Montreal was made by Mr. Cote on behalf of the Steering Committee.

The Chairman informed the Committee that Air Commodore London who was to resume his evidence this day, was ill, and that Group Captain Millard was present to substitute for him.

Group Captain Millard was called. He submitted answers to questions asked at the previous meeting and was questioned thereon. In the course of his evidence, he filed a booklet on the achievement of the R.C.A.F. Construction Engineering Division (1939-1944).

At 1.00 o'clock p.m., witness retired and the Committee adjourned until Thursday, May 16, at 11.00 a.m.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

May 14, 1946.

The Special Committee on War Expenditures and Economies met this day at 11 o'clock a.m. The Chairman, Mr. Gordon B. Isnor, presided.

The CHAIRMAN: Gentlemen, if you will be good enough to come to order, we will proceed with the meeting. I am first going to call on Mr. Cote, whom you will recall I asked, as vice-chairman of the committee, to make the arrangements in regard to the proposed trip to Montreal which we planned to have next Monday. Mr. Cote, will you report in regard to your plans?

Mr. COTE: Mr. Chairman, at the request of the steering committee I took steps to suggest an appropriate date for that visit and to suggest plans for the visit as much as possible to the War Assets establishments in Montreal. As you gentlemen have seen or noted we thought we could arrange for a two day stay in Montreal. Now, it happens that the International Aviation Conference is opening on the 21st and that makes accommodation very hard to get for Monday night. So I have to report this morning that it would be advisable, if it is the wish of the members here, to restrict the visit to one day, arriving in Montreal early Monday morning and leaving Monday night, to be back in Ottawa at 11.10 daylight saving time.

Special arrangements could be made with the Canadian Pacific Railway to have a special sleeper put at the disposal of the members on Sunday night which could be picked up by the Vancouver train early Monday morning and reach Montreal at 7.45 daylight saving time.

Now, as far as the program in Montreal is concerned, of course, the members have expressed a desire to visit the head office of War Assets. In addition to that we intended to suggest to the committee that we visit Verdun and inspect a typical illustration of what has been done with multiple-tenancy buildings, that is, a reconversion by War Assets Corporation of war plants into private industry plants. The members might usefully refer to pages 129, 130, and 131 of the reports of this committee where they will find a very interesting survey of what will be shown to them in Verdun. It has also been suggested that we visit the Montreal Locomotive Works which were a defence arsenal during the war and which are now a supply department warehouse of the War Assets Corporation. In addition to this, there may be a few minor inspections which could take place; but final arrangements have not been made and these are just topics.

At this time I would like to know the views of the members and if they were to insist upon a two day visit to Montreal? If so, this would allow us to go a little outside of Montreal, for instance, to the Cherrier plant, Valleyfield. There would be enough to interest us there, during an additional day.

It might be possible to have the railway company keep that sleeper for the use of the members on Monday night. This is only a suggestion. There is nothing final. The plans up to now are made for a one day visit, and unless the members express a desire for a stay of two days those will be the plans that I have just submitted to you.

The CHAIRMAN: Thank you, Mr. Cote? Does any member wish to comment?

MR. HOMUTH: Mr. Chairman; while I cannot go along on Monday, I would be very interested in going to the Valleyfield plant. They have a tremendous organization down there but I think you will find that when you get to the head office of War Assets you are going to take up so much time there that you will not have a great deal of time left. So I would suggest that it might be better if we could arrange to make a special trip, perhaps two weeks later on, to the Valleyfield plant.

THE CHAIRMAN: You mean: apart from this one day trip on next Monday?

MR. HOMUTH: Yes.

THE CHAIRMAN: Well, the steering committee can take that under consideration, Mr. Homuth. Thank you.

MR. HOMUTH: Knowing the ramifications of the head office of War Assets Corporation, I do not think that the plans set out by Mr. Cote would give us very much time left to go elsewhere.

MR. McCULLOUGH: But Mr. Cote said that those plans are more or less tentative. So I would suggest, if possible, that we stay for two days and that the railway company make accommodation for us in view of the shortage of accommodation down there. It would make our trip much more beneficial. The time you spend going down there and visiting one of those places such as the head office—that would greatly take up our time; whereas if we remained for two days, we could have an itinerary which would be much more beneficial to this committee.

MR. BRADETTE: I would not be in favour of making two trips because of the fact that the committees will be working. Take my own case for example, I would not be able to go back again. Then there are some new committees starting up such as Indian Affairs and so on. But the arrangements as suggested by Mr. Cote would be fine, although in the case of most members of this committee it would be almost impossible for them to make two trips.

THE CHAIRMAN: Well, we will see what we can do.

MR. COTE: Are there many members who would be interested in a two day visit, if it could be arranged?

MR. HOMUTH: If you are going to go to Valleyfield on the second day I would like to be in Montreal and go along with you. But I do not think you would ever get around to see all those things, even in two days. It is a big job.

MR. BLACK: How many government-operated plants are there in and around Montreal? Is the Vickers aeroplane plant still owned and operated by the government, through a Crown company? It was a part of Vickers and they were building Catalina and Canso flying boats for a time; then they turned to DC 4's, and I understood at that time it was a government operated company building these immense planes for T.C.A. I would like to know if that company is operated by the government and also what other companies in the Montreal area are government controlled and government operated? I think, if we are to assume any responsibility, before we go there we should know these facts, so that when we are there we would have an understanding of what is going on and what is being accomplished and make as good an inspection as possible.

THE CHAIRMAN: I think, Mr. Black, our plans are to visit three different plants or depots, warehouses, as well as the head office. Those were our original plans but if we have only one day at our disposal I doubt very much if we will cover more than the head office and two of those plants.

I am not in a position to answer your question as to the ownership and operation of Vickers at the present time. That might require a special trip later. But Monday appears to be the only day and the best day for the majority of the members.

I noticed, when the question was asked as to how many would take part in the two day trip, only one member signified his answer by raising his hand. Now, Mr. Cote has given you his report and I suggest we leave it in the hands of Mr. Cote to be worked out as best he can.

It is now proposed that we leave here late on Sunday evening and return Monday night on the late train.

I now have pleasure in welcoming to our committee a new member today, Mr. Murphy, who replaces Mr. Macdonnell.

Mr. MURPHY: Thank you!

The CHAIRMAN: I also wish to announce that there will be a meeting of the steering committee tomorrow, Wednesday, at 2.15 o'clock. Now, I regret to advise you that, owing to the illness of Air Commodore London who was before us as a witness at our last meeting, he is unable to be present today, and his work will be carried on by Group Captain V. S. J. Millard, who has been a regular attendant here and is familiar with the questions and the answers at our last meeting. Group Captain Millard, will you give your name and full details and so on?

Group Captain Victor S. J. Millard, Supply Staff Officer at R.C.A.F. Maintenance Command Headquarters, Uplands, called:

The WITNESS: My name is Group Captain Victor S. J. Millard. I am employed as supply staff officer at R.C.A.F. Maintenance Command Headquarters at Uplands, Ontario. I shall do the best I can to carry on in the absence of the director of equipment and supply, and I shall give the answers we have prepared to the best of our ability in the time available. Now, if any of them are not sufficiently clear and comprehensive—let me emphasize the fact that we will do everything we possibly can to clear up any points that are not sufficiently exact.

The order in which I propose to answer the questions is not the same order in which they were addressed to the chair. I presume that will be satisfactory. The reason for changing the order is that they seem to fall more logically into the new sequence, the way we set them up.

The first question we have the answer for is a question asked by Mr. Probe. Mr. Probe asked for statements to be prepared dealing with the three headings, real property, materials used in construction engineering, and medical stores.

By Mr. Benidickson:

Q. Are the answers given in writing?—A. Yes.

Q. Are there copies?—A. Unfortunately the time available did not permit us to have the answers mimeographed.

Mr. MCGREGOR: Is there any reason why these copies should not be printed, a copy for each member? This committee is under a great handicap, because we have not got the minutes before us of the last meeting and we do not know what the questions are now.

The CHAIRMAN: There is no reason, except that the printers were unable to give us the printed copies of our last meeting. It was only yesterday when we received the minutes of the proceedings in evidence No. 8 which took place on Tuesday, May 7th. The other minutes will be, I understand, available today or tomorrow. Now, as to the point of your having the questions before you, the Group Captain will read each question and then give his reply or answer.

The WITNESS: I shall proceed with the statement on real property:

DEPARTMENT OF NATIONAL DEFENCE

LANDS AND CONSTRUCTION.

The Department of National Defence for Air expended the sum of \$426,960,327.24 on the acquisition of land, development of aerodromes, and construction.

The Department has disposed of property under the above headings which cost \$144,039,899.32.

Not all of the properties disposed of were declared surplus to the Crown Assets Allocation Committee as certain establishments were transferred to the Army and to the Navy. In addition, the construction costs included alterations to leased buildings and building construction on leased lands.

With respect to leased properties, the Department commenced disposing of such properties in late 1943, and very early in 1944, a policy was established whereby no new leases would be entered into unless the requirement were based upon such strong reasons as to amount almost to an emergency. Disposal of leased properties has proceeded rapidly since the beginning of 1944 and very little leased property remains on the charge of this Department.

In the case of Crown-owned property, the units required for the peacetime Air Force are being retained and the remainder declared surplus as rapidly as possible. Some units and parts of units are being retained on a temporary basis to take care of equipment storage requirements until such time as all surpluses are disposed of and reserves concentrated in continuing units.

The second statement is the one covering materials used in construction engineering.

By Mr. Stewart:

Q. Before we leave that, may I ask you this question: you say you disposed of approximately \$144,000,000 worth of property. Can you tell us what was the price that was received for that property?—A. That would be a matter for Crown Assets Allocation Committee. Now, the next statement concerns construction engineering.

By Mr. McCullough:

Q. Does that mean that this \$144,000,000 was just a portion disposed of of the \$426,000,000?—A. That is right. I will have to defer the answer to that because, unfortunately, that is not under my jurisdiction. So I will have to get the answer for you.

By Mr. Homuth:

Q. I wonder if there is not a bit of misunderstanding. The witness states that \$144,000,000 has been disposed of. Now, does he mean that that was turned over to the allocation committee? The price that was received for it would not be within your knowledge?—A. That is correct, Mr. Chairman. That is the actual cost; but the values received are unknown to us. Now, turning to construction engineering equipment and material.

By Mr. Black:

Q. Before we leave that, should not the witness have a list of the property that was turned over?—A. That can be obtained, Mr. Chairman.

Q. We should have that, not in detail, but under certain main headings.

The CHAIRMAN: You mean: a list of property declared surplus and turned over to Crown Assets?

Mr. BLACK: With the cost.

The CHAIRMAN: As represented by this amount of \$144,000,000.

By Mr. McGregor:

Q. Any of this property sold before being turned over to Crown Assets?—A. Nothing was sold by the R.C.A.F.; it was either declared surplus to the Crown Allocation Committee or transferred to the army or to the navy.

The CHAIRMAN: Are there any other questions before we pass on to materials used in construction?

By Mr. Benidickson:

Q. Is one service department still able to transfer equipment to another service department without intervention or supervision of the Crown Allocation Committee?—A. Was that relating to buildings or to equipment?

Q. To both?—A. I am afraid I will have to defer the answer.

By Mr. McCullough:

Q. Was some of this equipment which is under discussion turned over to the Department of Transport?—A. Not by the R.C.A.F. It was dealt with through the Crown Assets Allocation Committee.

By Mr. Shaw:

Q. I understood one answer to be that the R.C.A.F. had disposed of nothing except through Crown Assets Allocation Committee and subsequently War Assets Corporation. Is that correct? I just want to be certain about that?—A. Any remarks made previously related only to equipment for which the director of equipment and supply was responsible.

The CHAIRMAN: This deals entirely with real property.

By Mr. Smith:

Q. In the matter of transfers from one department of the government to another, do they go through Crown Assets Allocation Committee? In other words, the air force disposes of no real property. Is that the situation?—A. I must repeat: this is a matter in which I can only submit the statement as prepared. I must also defer almost every question unless it be perfectly obvious to me.

Q. I think what the committee is interested in is: what was paid for the properties and what was realized from them. Now, how are we going to arrive at that? Apparently, these departments do not work in very close liaison with one another, let us say. I suggest that we will have to get from the air force a list of the properties they turned over and to whom, including those properties turned over to other services. I would also like to know the machinery which was evoked in doing that; but apparently we will have to bring War Assets back here to find out what they did with the property and to find out how much the taxpayer made or lost on those real estate transactions.

By Mr. Golding:

Q. When property is turned over, is it not turned over to Crown Assets Corporation and they, then, in turn, pass it on to the department if it so desired or so required?

Mr. SMITH: I understood that the witness did not know and that they are going to look that up.

Mr. McILRAITH: Did he not say in the brief that certain properties were dealt with between the defence department itself, the other two branches of the defence department got some of it.

Mr. SMITH: In Air Commodore London's brief?

Mr. McILRAITH: No; what this witness read a moment ago. He gave the cost price of what was turned over to Crown Assets Allocation Committee; and then the question was put about the Department of Transport. Of course that is not dealt with by the air force directorate, but at a point after it is declared.

Mr. HOMUTH: The evidence is not clear as to whether these properties, turned over by the air force to other services, passed through war allocations committee or not. The witness was not clear about that.

Mr. McILRAITH: No; they pass through an inter-service committee.

The CHAIRMAN: The witness can answer that. The witness stated he would file an answer to that later.

By Mr. Probe:

Q. Is it the difference between \$420 odd million which was expended for real property in the first instance, and the \$144,000,000 which has been disposed of? And does that difference represent the present holdings of real estate by the R.C.A.F.? The value of property turned over to other government departments might be included in the difference between those two figures; so I would like to be clear on that.

By Mr. Benidickson:

Q. I think we should keep to the same phrase from meeting to meeting. Could we not use what we had at the last meeting: declaration surplus?

The CHAIRMAN: Yes, I think so.

The WITNESS: I am afraid I have not got the question clearly.

By Mr. Probe:

Q. The witness has stated, Mr. Chairman, that certain real estate has been declared surplus to Crown Assets Allocation Committee, certain real estate has been turned over and has reverted to other departments, to other defence departments, and certain materials and certain real estate are still under the control of the R.C.A.F. Now then, those three quantities should add up to \$420 odd millions. I am afraid he has not quite broken up that \$420 odd million, to my limited understanding, on that basis?—A. The difference between \$426,000,000 and \$144,000,000 disposed of, represents the value of the property still held by the R.C.A.F.

Q. And therefore, the amount turned over to other defence departments is included in the \$144,000,000?—A. That is correct, Mr. Chairman.

Q. Thank you!

By Mr. Stewart:

Q. Do you intend to declare surplus any or all of the \$282,000,000?—A. As stated in the property statement, some units are being retained on a temporary basis to take care of equipment and storage requirements. Further declarations will be made,

Mr. MURPHY: We are not deaf down here, but we can hardly hear the witness.

The WITNESS: I beg your pardon. As stated in the property statement, some units or parts of units are being retained on a temporary basis to take care of equipment storage, until such time as all surplus is disposed of; and, as progressively accomplished, further buildings will be released.

The CHAIRMAN: Shall we pass on to question No. 2, dealing with materials used in construction engineering?

By Mr. Smith:

Q. Yes, but on the understanding that you get this breakdown.—A.

DCE Statement

1. It is considered that the inquiry regarding the policies and practices relating to Construction Equipment which is the responsibility of the Director of Construction Engineering will be satisfied by presentation of the pamphlet prepared by the Air Member for Construction Engineering at that time, Air Vice Marshal Collard. I should like to table this document.

2. The stock retention policy of Construction Engineering is that maintenance equipment, i.e., bull dozers, tractors, etc., are retained for a three-year period. However, stocks of materials, i.e., lumber, conduit, piping, electrical wiring, plumbing fixtures and so on have been declared to War Assets Corporation to the maximum extent possible so that at the present time approximately six months requirements are reserved by the R.C.A.F.

I had hoped that copies would be available for distribution but unfortunately this is not possible. However if the committee desires pertinent data it could be extracted and submitted at a later meeting.

By Mr. McGregor:

Q. I would like to ask one question: you say there is certain equipment that you are going to retain for three years such as bulldozers. Will they be in use by your department?—A. They will not all be in use at the same time. A small proportion of them represents the reserve to replace the items which will become uneconomically repairable or unserviceable during the three year period.

Q. Maybe if you can tell us or give us a list of how many of those items you are holding there for three years?—A. I think this is an opportune time to circulate the statistical data we have prepared, and I think the answer to that question could be obtained by taking two simple sets of figures in appendix "E".

SPECIAL COMMITTEE

STATISTICS—SURPLUS MATERIAL

	Declared			To be Declared		
			\$			\$
Airplanes (complete with engines) (App. "A")			366,592,768			179,165,096
Aero Engines (App. "B")			39,113,088			24,976,865
Mechanical Transport (App. "C")		3,027,443		4,443,570		
Marine Craft (App. "D")		2,329,806		169,898		
Aerodrome Maintenance (App. "E")		453,216		74,028		
MT, MC and Aerodrome Maintenance Spares and Components.		2,718,433	8,528,898	NIL		4,687,496
Link Trainers			1,913,912			3,134,546
Airframe Spares (App. "F")	73,292,318			9,200,000		
Engine Spares (App. "G")	21,743,568			10,500,00		
Accessories	6,657,910	101,693,796		Incl. in 8,210,000 below.	19,700,000	
Propellers, Radiators and Spares						
Aeroplane Wheels, Dinghies, Covers, Aircraft Hardware, Aircraft Components		27,984,387	129,678,183	8,210,000		27,910,000
Radio Equipment and Spares			15,036,064			300,000
Clothing			9,924,000			
Gun Turrets		881,563		NIL		
				Incl. in 8,210,000 above.		
Tools		15,615,473		NIL		
Machinery (Workshop)		1,892,816		NIL		
Ground Handling Equipment		8,299,616		Incl. in 8,210,000 above.		
General Electrical		2,281,984		NIL		
Instruments		8,467,171		Incl. in 8,210,000 above.		
Pyrrotechnics		2,414,951		NIL		
Photographic		395,702		NIL		
Fire Fighting Equipment		479,658		NIL		
General Hardware		170,001		NIL		
Metals		1,290,736		NIL		
Wood (To aircraft specification)		90,429		NIL		
Fabric—Rubber		78,388		NIL		
Paints and Dopes		1,050,985		NIL		
Gasoline and Oil		58,688		NIL		
Containers, Cases (To specification)		115,042		NIL		
Construction, Engineering Equipment		902,532		NIL		
Landlines		2,268,347		Not Available		
Barrack Stores		4,753,494		NIL		
Hospital Equipment and Medical Supplies		545,027		Not Available		
Emergency		5,882,159	57,934,762			
Total			628,721,675			240,174,003

AIRCRAFT

(1)	(2)	(3)	(4)	(5)	(6)
Type	Declared to War Assets	Total value of Declared Items	To be Declared	Total Value of Items to be Declared	Remarks
		\$		\$	
Anson I.....	915	26,883,615			
Anson II.....	1,461	68,667,000	96	4,512,000	
Anson III.....	56	1,434,944			
Anson IV.....	159	5,468,100			3 new A/C declared
Anson V.....	505	24,745,000	335	16,415,000	
Battle.....	391	16,691,790			
Beaufort Inst.....	3	6,000			
Bolingbroke.....	368	49,128,000	77	10,279,500	
Canso.....	80	25,708,560	29	9,319,353	
Catalina.....	24	7,080,000			
Cornell.....	83	1,680,750	1,314	26,608,500	
Lycoming Cornell.....	1	19,000			
Cessna Crane.....	517	19,301,678	153	5,712,102	
Digby.....	6	1,068,120			
Dragonfly.....	1	16,740			
Fairchild.....	1	10,900			
Fleet Fawn Inst.....	4	8,000			
Fleet Finch Inst.....	9	18,000			
Fleet Fort.....	70	1,666,980			2 new A/C declared
Goose.....	12	1,233,000			
Harvard.....	95	4,360,500	684	33,139,800	
Hampden Inst.....	1	2,000			
Hurricane.....	169	9,295,000	17	935,000	
Kittyhawk.....	72	4,860,000			
Liberator.....	81	32,400,000	30	12,000,000	
Lancaster.....	28	8,217,160	44	12,912,680	
Lockheed.....	61	8,939,300	20	2,930,920	
Lysander.....	256	9,392,768			
Moth.....	694	5,828,906	7	58,793	111 new A/C declared
Norseman.....	24	1,260,600	5	262,625	
Nomad.....	19	1,265,400			
Oxford I, II, V.....	391	10,847,122			16 new Oxford V declared
Stinson.....	20	544,000			
Stranraer.....	22	4,796,000			
Swordfish.....	66	2,508,000	16	608,000	
Ventura.....	31	5,983,000	128	24,704,000	
Walrus.....	5	165,000	2	66,000	
Mosquito.....	2	349,000	105	18,322,500	
Yale.....	86	4,054,900			
Siskin Inst.....	1	2,000			
Hotspur Glider.....	1	11,848			
Expeditor.....	3	295,854			
Fortress.....	1	378,323	1	378,323	
	6,795	366,592,768	3,063	179,165,096	

This statement replaces the previous statement with the following amendments:—

Declared Value column:

Fort increased from \$ 21,805 to \$1,666,980.

Hurricane decreased from \$9,295,500 to \$9,295,000.

Moth increased from \$3,428,906 to \$5,828,906.

Declared to War Assets column:

Total— increased from 6,790 to 6,795.

AERO ENGINES

(1)	(2)	(3)	(4)	(5)	(6)
Type	Declared to War Assets	Total value of Declared Items	To be Declared	Total Value of Items to be Declared	Remarks
		\$		\$	
INSTRUCTIONAL—					
Gypsy.....	30	60,000			
Hornet.....	7	14,000			
Jacobs.....	17	34,000			
Jacquar.....	13	26,000			
Allison.....	1	2,000			
Clerget.....	1	2,000			
Cirrus.....	8	16,000			
Civet.....	7	14,000			
Continental.....	6	12,000			
Cheetah.....	8	16,000			
Eagle.....	1	2,000			
Genet.....	2	4,000			
Jupiter.....	15	30,000			
Kestrel.....	4	8,000			
Kinner.....	9	18,000			
Lynx.....	32	64,000			
Menasco.....	62	124,000			
Mercury.....	10	20,000			
Merlin.....	22	44,000			
Mongoose.....	1	2,000			
Pegasus.....	1	2,000			
Ranger.....	2	4,000			
Taurus.....	11	22,000			
Serval.....	1	2,000			
Viper.....	2	4,000			
Wasp.....	25	50,000			
Wright.....	18	36,000			
RUNNING—					
Allison.....	38	798,000	2	42,000	
Cheetah IX.....	676	3,007,524			4 new engines declared
Cheetah X.....	614	2,901,764			5 new engines declared
Gipsy Major.....	734	1,468,000			42 new engines declared
Jacobs L4MB.....	470	1,934,050	116	477,340	32 new engines declared
Jacobs L6MB.....	889	4,348,099	401	1,960,291	
Kinner B5.....	1	2,000	95	190,000	
Lycoming.....	1	3,500			
Menasco D4-87.....	179	431,390			137 new engines declared
Mercury VIII, XV.....	112	1,400,000			
Mercury XX.....	356	3,026,000	19	161,500	
R. R. Merlin II, III, V.....	285	2,679,000			
R. R. Merlin XXI, XXXIII.....	12	176,400	12	176,400	
P. Merlin 29.....	103	1,998,200	32	620,800	
P. Merlin XXXI, XXXIII.....	6	88,200	98	1,440,600	
P. Merlin 38 and 224.....			139	2,696,600	
P. Merlin 225.....			65	1,261,000	
Pegasus VI.....	2	18,000			
Pegasus XXX.....	43	395,600			
Pegasus X and XXII.....	38	513,000			
Pegasus XVIII.....	170	2,754,000			
Perseus XII.....	27	229,500			
Ranger.....	8	28,000	480	1,680,000	
Wasp R1340-ANI.....	8	58,720			
Wasp R985-SB.....	77	795,487	407	4,204,717	
Wasp R985-AN6-6Bs.....	24	165,000	8	60,000	
Wasp R1820-G102A.....	2	24,000	290	3,480,000	
Wasp R1535-13.....	22	330,000			
Wasp R1535-SB4G.....	36	486,000			
Wasp R1830-43.....	10	228,000			
Wasp R1830-65.....	100	1,255,400	118	1,481,372	
Wasp R1830-67.....	2	30,800	38	585,200	
Wasp R1830-92.....	43	774,000			
Wasp R1830-S1C3G.....	36	820,800			
Wasp R1830-S3C4G.....	22	330,000			
Wasp R2800-S1A4G.....	52	1,352,000	83	2,158,000	
Wright R1820-G102A.....	14	172,914			
Wright R1820-G202A.....	42	525,000	27	337,500	
Wright R1820-G3B.....	180	2,123,640			178 new engines declared
Wright R1820-G7.....	21	210,000			178 new engines declared
Wright R1820-F52-53.....	8	102,000			
Wright R975-E3-11.....	60	497,100	237	1,963,545	
	5,839	39,113,088	2,667	24,976,865	

MOTOR TRANSPORT AND AERODROME MAINTENANCE VEHICLES

(1)	(2)	(3)	(4)	(5)	(6)
Type	Declared to War Assets	Total value of Declared Items	To be Declared	Total Value of Items to be Declared	Remarks
		\$		\$	
MOTOR TRANSPORT VEHICLES					
Ambulance 2 and 4 Cot.	102	153,000	71	106,500	
Car Staff, 5 passenger	80	87,680	13	14,248	
Omnibus	11	47,718	4	17,352	
Station Wagon	155	188,635	103	125,351	
Truck, Aerodrome Control	8	25,296	104	328,848	
Truck, Sound (3 and 1 ton)	NIL	NIL	16	33,600	
Truck, Panel Delivery (3, 1, 1 ton)	101	71,205	132	93,060	
Truck, Bomb Hoisting	1	2,671	13	34,723	
Truck, Torpedo Carrier	NIL	NIL	2	6,048	
Truck, Crash (1 ton)	70	435,050	59	366,685	
Truck, Fire	16	93,824	49	287,336	
Truck, Radio and Signalling	2	7,920	30	118,800	
Truck, Motor Van	NIL	NIL	9	18,423	
Truck, Stake (1½ to 2 and 3 ton)	115	137,310	502	599,388	
Truck, Stake (5 ton)	3	3,837	NIL	NIL	
Truck, Tractor c/w 30 ft. trailer	1	3,194	22	70,268	
Truck, Mobile Workshop	1	9,793	4	39,172	
Truck, Flat Rack	1	9,600	NIL	NIL	
Truck, Line Construc. & Telephone	NIL	NIL	10	47,530	
Truck, Water Tank	NIL	NIL	1	3,850	
Truck, Weapon Carrier	NIL	NIL	1	2,083	
Car, Jeep	12	17,220	56	80,360	
Snowmobile	2	5,000	6	15,000	
Tender, Refuelling, 500 gallon	2	7,000	2	7,000	
Tender, Refuelling, 800 gallon	185	700,300	155	596,900	
Tender, Refuelling, 1,000 gallon	7	43,736	21	131,108	
Tender, Refuelling, 1,300 gallon	1	6,800	12	81,600	
Tender, Oil Dispenser 800 gallon	5	19,900	2	7,560	
Crane, Crawler					
Crane, 2 to 3 ton	14	92,830	37	245,310	
Crane, T.B. Holmes Mounted 5 ton					
Crane, Truck Mounted 8 ton	7	113,449	NIL	NIL	
Locomotive	1	5,876	1	5,876	
Railway Lorry and Speeder	NIL	NIL	20	10,140	
Tender, Special (Dodge 8 cwt)	NIL	NIL	1	2,548	
Tractor, Carloader	NIL	NIL	5	19,375	
Tractor, Light, Agricult. and A/C Tow	213	142,497	234	156,546	
Tractor, Medium, 20/35 HP	5	8,900	51	90,780	
Tractor, Heavy (M2 Cletrac)	NIL	NIL	4	66,000	
Run-about Ford (1930 Model A)	NIL	NIL	1	880	
Motorcycle	NIL	NIL	5	2,875	
AERODROME MAINTENANCE VEHICLES					
Truck, Dump, 2 to 3 ton	46	175,766	79	301,859	
Truck, Dump, 5 ton					
Truck, Pick-up	9	7,596	27	22,788	
Snowblower	1	17,450	10	174,500	
Tractor, Crawler	66	346,500	6	31,500	
Grader, Motor Patrol	6	39,900	12	79,800	
	1,249	3,027,443	1,892	4,443,570	

MARINE CRAFT

APPENDIX "D"

(1)	(2)	(3)	(4)	(5)	(6)
Type	Declared to War Assets	Total value of Declared Items	To be Declared	Total Value of Items to be Declared	Remarks
		\$		\$	
BARGES					
Landing.....	3	85,000			
Transport.....	2	120,000			
BOATS					
Dinghies.....	1	15			
Dories.....	1	50	1	5,600	
General Utility.....	8	35,600			
Life.....	10	2,800			
Punt.....	1	25			
Range Type I.....	3	84,000			
Range Type II.....	4	96,000			
Range Type III.....	14	42,227	1	3,400	
Range Type III.....	3	23,667	1	7,889	
Range Type III.....	6	133,217			
Rescue Winter.....	7	700	2	200	
Row.....	37	2,220	7	420	
CANOE.....	2	350			
LAUNCHES					
Refuelling.....	7	65,277	1	9,300	
SCOWS					
Small.....	20	19,780			
Medium.....	15	49,304			
Large.....	7	85,350			
Derrick.....	8	21,422			
Maintenance.....	1	5,000			
Refuelling.....	15	156,375			
SLOOPs					
Sailing.....	2	2,400			
SUPPLY VESSELS					
Medium.....	1	12,000			
".....	1	27,875			
".....	4	156,000			
".....	2	110,000			
".....	1	40,000			
".....	1	150,000	1	135,000	
".....	2	320,000			
".....	1	263,432			
TENDERS					
Aircraft.....	48	80,524			
	1	16,000			
CRASH.....	1	600			Hull only
	1	4,277			" "
	7	78,234			
	1	16,085			
	1	24,000			
	250	2,329,806	14	161,809	

APPENDIX "E"

AERODROME MAINTENANCE EQUIPMENT (OTHER THAN VEHICLES)

Angle Dozer, Ydraulic.....	42	68,418	6	9,774
Roller, Snow.....	100	148,000	15	22,200
Drag, Snow.....	108	35,856	19	6,308
Plow, Snow, 1 way.....	3	1,545	7	3,605
Blade, Maintenance Underbody.....	34	68,000	6	12,000
Sickle Bar.....	31	3,720	10	1,200
Mower Trailer.....	30	4,320	6	864
Plow, Snow, Sidewalk.....	40	10,680	2	534
Feeder and Harrow.....	12	1,032	2	172
Sligh, Snow Removal.....	66	9,636	25	3,650
Roller, Turf.....	41	12,382	10	3,020
Distributor, Fertilizer.....	21	1,806	3	258
V-Plow, for trucks.....	11	14,157	1	1,287
V-Plow, for tractors.....	23	29,601	2	2,574
Gang Mower.....	18	9,810	10	5,450
Distributors Asphalt.....	5	29,725	NIL	NIL
Sweepers Rotary.....	8	4,528	2	1,132
	593	453,216	126	74,028

APPENDIX "F"

AIRFRAME SPARES

(1)	(2)	(3)
Type	Total Value of Declared Items	Total Value of Items to Be Declared
	\$	\$
Swordfish Airframe Spares.....	36,052	
Bolingbroke Airframe Spares.....	6,379,155	
Finch and Fort Airframe Spares.....	422,482	
Hurricane Airframe Spares.....	1,988,155	
Norseman Airframe Spares.....	78,710	
Oxford Airframe Spares.....	1,561,758	
Harvard Airframe Spares.....	82,427	
Hudson and Lockheed Airframe Spares.....	3,619,127	200,000
Mosquito Airframe Spares.....	220	500,000
Mosquito XX and XXI (CAN) Airframe Spares.....	64,509	
Crane Airframe Spares.....	2,192,989	
Cornell and Fairchild Airframe Spares.....	1,771,399	1,500,000
Digby Airframe Spares.....	327,936	
Anson Airframe Spares.....	18,842,658	100,000
Hotspur Glider Airframe Spares.....	27,590	
Kittyhawk Airframe Spares.....	175,000	
Canso and Catalina Airframe Spares.....	43,106	1,500,000
Liberator Airframe Spares.....	45,844	3,000,000
Ventura Airframe Spares.....	2,400	2,000,000
Fortress Airframe Spares.....	204,930	
Goose Airframe Spares.....	4,940	150,000
Stinson Airframe Spares.....	6,000	
Battle Airframe Spares.....	20,640,937	
Expeditor Airframe Spares.....	20,707	
Stranraer Airframe Spares.....	1,636,325	
Hampton Airframe Spares.....	1,428	
Beechcraft Airframe Spares.....	19,310	
Tiger Moth Airframe Spares.....	281,600	
Lysander Airframe Spares.....	12,304,723	
Lancaster Airframe Spares.....	NIL	250,000
	73,292,318	9,200,000

AERO ENGINE SPARES

APPENDIX "G"

Allison Aero Engine Spares.....	79,725	
Lycoming Aero Engine Spares.....	13,314	
Kinner Aero Engine Spares.....	262,029	
Jacob Aero Engine Spares.....	4,368,523	
Pratt & Whitney Wasp Aero Engine Spares.....	5,126,307	4,000,000
Mercury and Pegasus Aero Engine Spares.....	587,240	
Wright Cyclone Aero Engine Spares.....	6,202,481	1,500,000
Cheetah and Tiger Aero Engine Spares.....	1,701,307	
Merlin and Packard Merlin Aero Engine Spares.....	686,812	4,000,000
Gipsy Major Aero Engine Spares.....	1,890,124	
Menasco Aero Engine Spares.....	103,151	
Continental Aero Engine Spares.....	1,100	
Ranger Aero Engine Spares.....	701,455	1,000,000
	\$21,743,568	\$10,500,000

Q. Is this the list I asked for?—A. Appendix "E" of this set of papers which is now being circulated shows aerodrome maintenance equipment, the stuff that was referred to, and the items that have been declared or are to be declared. It does not show the strength which will remain and I shall have to obtain that for you.

By Mr. McCullough:

Q. I would like to ask the witness this question: the equipment which is being retained, is that equipment retained on just a portion of the aggregate amount you have on hand, or is it worked out on a basis of need you may have in the future? How do you come to your decision on what you are retaining?—

A. Each individual item is treated individually, based on the expected life of the article, the anticipated life of the articles we have left in the service. That

is, a good many of them are well worn. So it is correct to say that there is no general treatment accorded to this list of equipment, but that each item is dealt with on its own merits.

By Mr. Stewart:

Q. The witness stated that about six months supply of lumber, conduits, electrical wiring and so on are on hand. How much has been declared surplus?

—A. Mr. Chairman, just what stocks were on hand at the end of hostilities I do not know. I presume it was the normal two-year provisioning requirements.

Q. I would like to have a general idea of the dollar value of that which was declared surplus in these particular categories, lumber, wiring, and so on?—

A. We have not a figure for lumber alone, but for all these materials declared to date; \$902,532 is the original value.

By Mr. Homuth:

Q. And that would include plumbings and electrical supplies and so forth?

—A. That is correct.

By Mr. Lalonde:

Q. On page 1 I read:—

Radio equipment and spares \$15,000,000, and to be declared \$300,000.

Will the witness be kind enough to table a list and say how many aeroplanes, how many radios have been declared surplus, the makes of each of them; the date or dates on which these have been declared surplus, and to whom they have been sold, and the price of each unit that is available. And the second part of my question is this: on page 2 of appendix "A" we see, under the heading of aircraft:—

Moth, 694.

694 Moth aeroplanes have been declared surplus and 24 Norseman aircraft have been declared surplus. I would like to know the dates on which these aircraft were declared surplus, and to whom they have been sold, and the price of each unit. If those particulars are available, I would like to have them but I am not asking for an answer to-day. An answer within a few days would be acceptable and I believe it would be helpful.

Mr. McILRAITH: That squarely raises the question here. Question 8 on the Order Paper asked by Mr. Castleden asks virtually for the same information in detail. This would be a precise duplication of the same information in slightly different form, just sufficiently different to mean a complete re-doing of the work again. That sort of thing is going on continuously. I think we have twelve War Assets questions on the Order Paper to-day. Some of those matters are squarely before this committee and this is one of them. Now, I think the committee should decide what it wants done about that type of thing. It is getting out of hand. I think the committee should consider what it wants done.

Mr. McCULLOUGH: I think this committee should have the right to get the information it wants. If the information is got for a member of the House, it should not be very hard to get it into the records of this committee.

Mr. McILRAITH: But that is not the point. We are very happy to get the information any member wants, but we are experiencing an amount of duplication of work that is wholly unnecessary just because of the slightly different form used. Just a slight difference in form makes a whole lot of extra work. Now, if there could be some way of co-ordinating where these questions are to be asked, it would save a lot of work.

Mr. LALONDE: Well, then, I would be ready to drop my question if the same has been asked on the floor of the House.

Mr. McILRAITH: It is question No. 8 on the Order Paper.

Mr. LALONDE: I am sorry.

The CHAIRMAN: I suppose, if I were wise, I would not take part in a discussion of this nature. But I think any member of this committee is entitled to ask any question and have the information if it is available at the time given to him through this channel. The question as to the procedure in the House is one for the minister or for the parliamentary assistant to the minister in that particular department. I suggested some time ago that I thought this committee had the perfect right to deal with such questions and that this committee was the proper place where they should be presented. I hoped that that suggestion would be followed, but apparently it has not been followed and there are now some twelve questions on the Order Paper. But that does not take away the privilege of a member of this committee, his right to ask questions and ask for information from any witness. So I suggest, Mr. Lalonde, that you allow your question to stand but that the last part of your question No. 1 is not a fair question to ask this witness. He cannot supply that information. It would be the War Assets who should be asked that.

Mr. LALONDE: Well, I will reserve that part of my question and ask it again when the latter comes up.

Mr. STEWART: Could not these two questions be asked at the same time, the information wanted by Mr. Lalonde and any information wanted by Mr. Castleden?

Mr. McILRAITH: The other day a question was asked about a sale to one of the provinces and a list of the invoices was sent up. But it turned out that the dates were a little different in the question asked for in the House, and the whole thing had to be gone through again, picking out the dates among the sales to the provinces. These questions should be asked here and if a member wants information on record in *Hansard*, there is no reason of not putting it on. The situation is very bad. We have been discussing ships here, yet we have question No. 31. Mr. MacInnis asks for material that was squarely covered and dealt with in this committee except for the limitation of the date. It asks about conditions in an agreement of sale, matters which could only be brought forward upon examination of witnesses here. I think all these things should come through the committee and that there should be provided a method of having them brought through the committee by each party asking its own member on the committee to ask the relevant questions. Then, if there be something they feel should go back to the House there would be no objection; but, as it stands, we are running two examinations of affairs all the time and it is getting to a point where it raises a serious question.

Mr. HOMUTH: It might be a \$4,000 question?

Mr. McILRAITH: Some of them are.

Mr. STEWART: I agree with Mr. McIlraith's suggestion, but with one reservation: that we may ask a question on the orders of the day which would have reference to more than one department; and we might not have the witness before us for three or four months, with the result there would be a time lag which it would be difficult otherwise, to overcome.

Mr. BRADETTE: I believe that question was considered by the House and a minister objected to some of the questions and stated that they should be referred to the special committee. I think the House agreed and I think a vote was taken and it was agreed that these questions pertaining to War Assets and war expenditures and so on should be referred to this committee for an answer. But I agree with Mr. Stewart that if a question involves more than one department, it should be left on the order paper. Otherwise, this committee should deal with it.

By Mr. MacGregor:

Q. Do I understand that these are the values or the original prices?—A. With the concurrence of the meeting I would like to defer any questions relating to that until such time as the questions asked previously are answered. If we could proceed in that way and finish up the questions we are dealing with, the statement dealing with real property, materials used in construction engineering, and medical stores, we could then answer any questions relating to these appendices following that.

Q. You cannot answer these questions at the moment?—A. I am afraid I have missed the question. Any question relating to that sheet I can answer, but I would prefer to defer them until this question is completed.

By Mr. Golding:

Q. What Mr. MacGregor is asking for is this: the original cost, where you declare these for surplus?—A. All costs shown on the statement rendered by us are the original costs.

By Mr. MacGregor:

Q. These costs on the sheets are the original costs of the goods purchased?—A. That is correct.

Q. For instance, we have two, three and five dump trucks?

Mr. BENIDICKSON: What page, Mr. MacGregor?

The WITNESS: The costs shown on these sheets are, to the best of our knowledge, the original cost to the R.C.A.F.

The CHAIRMAN: These appendices, I understand, are part of a question to which the witness will be replying at a later period than this morning's session. May I suggest that you complete question No. 4 which is in three parts. We have already covered two parts, real property and material used in engineering construction. The third part of that question deals with medical stores. May we now proceed with medical stores and so clean up that question?

By Mr. MacGregor:

Q. It does not seem hardly right to me. We have dozers at \$1,600 a piece. I would like to buy some at that price. Is that the price? I am interested to know if that is the new price. Is that what they cost the government or the department, or is that the value set on them now? You say this is the new price?—A. To the best of our knowledge that is the new price, all costs shown on those appendices.

Q. It shows the total value of declared items. I should think if that were the original price, it would say so.—A. No, Mr. Chairman. That term is used throughout these appendices and it means: cost to the R.C.A.F. of the item in its original state.

Q. Why don't you say that? If that was the cost at the time it was purchased, it certainly is not the value of it today, is it? Why don't you say what you mean?—A. I can have these columns altered, if the committee wishes us to do so.

Mr. MURPHY: I think that is a very important item.

The CHAIRMAN: The prices as quoted are the invoice cost to the department or to Munitions and Supply as the case may be. I think that has been stated repeatedly in the evidence. Could we not just allow this to stand until we complete question No. 1, then take it up in the regular order. Medical stores, please!

The WITNESS:

Expendable Medical Stores are procured from Central Medical Stores or Military District Medical Stores (RCAMC), whichever is nearer to the unit. The cost is not recovered, but appropriation is made quarterly on a per capita basis (present rate is \$7.38 per capita).

Expendable and non-expendable equipment for new hospitals is denoted in accordance with the authorized scales of issue from Central Medical Stores, Ottawa.

Expendable surplus hospital equipment is returned to the nearest RCAMC Medical Store with no financial adjustment.

By Mr. Homuth:

Q. But you get no credit?—A. That is correct.

Non-expendable stores are shipped to Medical Stores, Ottawa. The value is determined by a Joint Services Board of Survey and credit arranged to R.C.A.F. However, in certain cases where the facilities and equipment of an R.C.A.F. hospital are required by D.V.A. or provincial authorities, arrangements are made to leave the equipment at the site for disposal by War Assets to the interested parties.

Mr. BENIDICKSON: Are questions in order now?

The CHAIRMAN: Yes, questions are now in order.

By Mr. Benidickson:

Q. You say they would be kept at their location if required in that vicinity by veterans affairs or for municipal governments. Would the same thing apply for the third priority group, public bodies?—A. If the Wartime Hospitals Association indicated to us that anyone was interested in that equipment, it would be left at the site.

By Mr. Smith:

Q. Would you please read the first sentence again. I did not understand this per capita business?—A.

Expendable Medical Stores are procured from Central Medical Stores or Military District Medical Stores (RCAMC), whichever is nearer to the unit. The cost is not recovered, but appropriation is made quarterly on a per capita basis (present rate is \$7.38 per capita).

Q. That means that you make an assessment of so much per head of all the people in the force?—A. That is correct, Mr. Chairman.

Q. Are they not billed to you on some basis of cost? Why do you make an assessment? You must make billings to find out that it is \$7.38?—A. The individual costs for medical stores as they are called, is not recovered, but the settlement is on an over-all basis of the percentage of the personnel strength.

Q. Suppose you want some medical stores; you get them from the regular army medical corps. Say you get 10,000 packages of Aspirin. I do not want to advertise those people, but we will just take that. They are not billed to you at any price; but, dependent on the quantity you have, and the number of men you have, you fixed an assessment. Is that it?—A. That is correct.

Q. In other words, it is a guess. I gather so. It must be a guess, if you have no costs.—A. I presume that the guess referred to is \$7.38 established for each head.

Q. I do not want to be unkind, but it is a guess. It cannot be anything else, if you do not know what it costs.—A. It is based on the best available data.

Q. Well, I think that describes a guess much better than I could do it.

By the Chairman:

Q. What is the next question?—A. Mr. Shaw asked that a statement be prepared of the activities carried on by the R.C.A.F. in connection with the matter of disposal of obsolete or surplus equipment while the R.C.A.F. were acting as agents for War Assets Corporation. A list of the names of disposal centres which engaged in the disposal of surpluses was also requested.

A STATEMENT OF POLICIES COVERING DISPOSAL OF SURPLUS EQUIPMENT IN THE R.C.A.F.

1. At the outbreak of war and up to the time War Assets began operation R.C.A.F. equipment which was obsolete, unserviceable, or beyond economical repair was reduced to spares (i.e. salvageable components) and scrap on authority of competent technical inspectors, with the resultant scrap being sold as "junk" to local dealers through contracts arranged by the Department of Finance, Salvage Officer. The only exception was that where the inspector considered an item to be of more value in its whole state, that item was not reduced to spares and scrap but was reported to the Salvage Officer for sale in its whole state. In this period the R.C.A.F. had no surplus non-obsolete serviceable equipment for disposal.

2. Subsequent to the functioning of War Assets (early in 1944), the R.C.A.F. began to accumulate surplus serviceable equipment which was invariably reported to War Assets for disposal, with the following exceptions:—

- (a) Authority was granted by Crown Assets Allocation Committee to sell directly to civilian contractors engaged in the production or repair of R.C.A.F. equipment, at full vocabulary price, certain spares out of R.C.A.F. stock.
 - (b) Crown Assets Allocation Committee authorized the formation of the Inter-Service Committee for Exchange of Surplus Assets to allow surplus equipment to be sold to the army and navy. Such sales were at vocabulary rates less depreciation for used equipment.
3. However, with regard to unserviceable (i.e. beyond economical repair) and repairable equipment the following changes were effected:—
- (a) On 6 March, 1944, surplus repairable equipment was to be held and reported to War Assets for disposal.
 - (b) On 11 May, 1944, the instructions were amended to have the surplus repairable items struck off charge as items and brought on charge as scrap by placing each item in its whole state in the scrap category of its predominant metal. The accumulation was to be sold under the standing contract referred to in para. 1.
 - (c) As a result of discussion between the R.C.A.F. and War Assets Corporation in February, 1945, War Assets Corporation provided the R.C.A.F. with a list of certain items which could be sold by them in their repairable condition (whole state) and indicated that they had no interest in any other surplus repairable equipment. Accordingly the R.C.A.F. issued such instructions and reverted to previous practice of physical reduction to scrap metal (not whole state) of items which War Assets did not specify on the list.
 - (d) In March, 1945, the physical reduction to scrap metal of surplus repairable and unserviceable equipment was stopped except for airframe and aero engine technical spares considered obviously not saleable. Items other than airframe and aero engine technical spares which were non-saleable were, therefore, held on charge in whole state pending possible use by War Assets.
 - (e) In August, 1945, when War Assets withdrew their previous authority regarding saleable items, explicit instructions were issued that no equipment whatsoever were to be reduced to scrap. This is the policy which is in effect at the present time. This was slightly relaxed by allowing items worn out in use and with no possible sale value in whole state to be reduced to scrap; i.e. such items as glassware, crockery, light bulbs, brooms, mops, etc.

4. In addition to the above, in certain cases War Assets made arrangements with the R.C.A.F. to carry out the physical destruction of equipment which War Assets had determined was of no marketable value. This was done to avoid

unnecessary handling and shipping to War Assets location and as a matter of convenience the R.C.A.F. personnel employed at the site where the equipment was lying were employed to carry out the actual work involved. In all such cases, however, I wish to make it clear that this equipment was the property of War Assets Corporation since they had given a receipt for it to the R.C.A.F.

5. Regarding the list of names of the disposal centres where the R.C.A.F. had engaged in the disposal of surpluses, it can be stated that at the following units by far the major portion was done:—

- No. 3 Repair Depot, Vancouver
- No. 10 Repair Depot, Calgary
- No. 8 Repair Depot, Winnipeg
- No. 6 Repair Depot, Trenton
- No. 9 Repair Depot, St. Johns, P.Q.
- No. 4 Repair Depot, Scoudouc
- No. 1 Technical Signals Unit, Debert
- No. 2 Technical Signals Unit, Penhold.

A small amount of destruction was carried out up until March, 1945, at some of the remaining R.C.A.F. units.

The CHAIRMAN: Mr. Shaw?

By Mr. Shaw:

Q. The statement just given is most illuminating and rather comprehensive. I, for one, would want to make a very careful check of it before offering quite a number of questions and observations which I have to make. I would suggest that at the earliest possible moment copies of that statement be made available to the members of this committee. I have jotted down quite extensive notes, but I still find myself unable, without an opportunity of checking them, to pursue it as far as I would care to pursue it. However, I will ask one or two questions. The witness referred to technical inspectors responsible for the checking of the materials and referred to scrap plus other materials. Were those inspectors R.C.A.F. officers, or were they officials of War Assets Corporation?—
A. That is correct, R.C.A.F., yes.

Q. May I ask if War Assets Corporation had inspectors to examine materials which were subsequently rendered to scrap, prior to the actual process of rendering to scrap? After your technical inspectors examined all equipment and declared it to be obsolete or of no use, were these materials subsequently inspected by officers of War Assets Corporation who must subsequently bear the responsibility in the final analysis? It might be advisable to let that question stand, and I would like to let the whole thing stand until we have an opportunity to check the whole statement very very carefully. I think if our evidence cannot be made available very very shortly, we should have mimeographed copies of that statement made available to us within the next day or so.

Mr. SMITH: I have some questions I would like to ask about these things. Is it not possible, at the same time, to give us some details of the articles destroyed? I would give this just as an example: I had a large sized bite taken out of me last fall by a responsible minister of the crown in respect to the matter of watches. I want to know now when we have the proper people here whether any watches were put to the torch in Calgary. I think Mr. Shaw would also like to know that. Could we not have some details of the destruction, for example, which was also carried out at No. 10. Planes were landed there at the Municipal Airport. I suppose they are six or seven miles apart, and then the planes were flown to No. 10 and there destroyed in whole or in part. To my own certain knowledge, the fires burned there for a long time; but I would like to know what was destroyed by fire. There was a dump constantly burning. What was removed from those planes before they were destroyed? Items like electrical wiring and so on, were they put to the torch and so on? Does the officer get my meaning?

I agree with Mr. Shaw, that it is utterly impossible to examine on the statements given unless they are put in our hands within a reasonable period of time. I imagine they could be mimeographed within an hour, the whole thing, and they could be given to us so that when we meet again we can get our teeth into them.

Mr. SHAW: I am particularly concerned about this only because of the fact that I believe the R.C.A.F. has over \$400,000,000 worth of equipment which they said is the value of equipment outstanding to date, as given by Air Commodore London. I know that among that equipment we have a vast quantity of material, let us say, radios, which may not have any commercial value and which may therefore be destroyed, as I venture to say has been done. But such non commercial value equipment may have inestimable educational value. I would like the R.C.A.F. authorities to indicate to us at a later date just what part of this \$490,000,000 worth of equipment is made up of, let us say, technical radio equipment which has educational value but which may not have commercial value.

This is the situation: War Assets Corporation may not get around to handling the disposal of this vast quantity of material for years; but we have educational institutions across this country crying for this material at the present time, and it would be of inestimable value to them.

The R.C.A.F. and subsequently the people of Canada are spending vast sums of money for the care and protection of this equipment and, as I have said, it may carry on doing so for a couple of years before War Assets Corporation gets around to it. May we therefore have a statement of materials such as radios, having no commercial value, but having educational value, included in this \$490,000,000. I think our educational institutions would be vitally concerned, and I, for one, insist that these materials be made available for educational purposes rather than to be held in storage for a period of two or three years.

The WITNESS: I shall endeavour to obtain the answers to that question.

By Mr. Golding:

Q. In relation to the destruction which is alleged to have gone on at various places at some time, it seems to me that this delay in providing definite information to the committee cannot be justified. Mr. Smith asked for that information, and these questions were asked before; they were asked last year, yet we come here and this information is not yet available. I do not think action of that kind can be justified.

If there has been material destroyed, surely to goodness the information by this time, should be available to the committee. The public at large is interested in matters of this kind.

I remember, shortly after the closing of the airport at Port Albert, information came to me that there were tools and equipment being destroyed there. Immediately I asked the air force here to get the information and they held an investigation and admitted that some things were destroyed that were obsolete; but up to now I have never got the full information of what was destroyed. So, to keep on coming to this committee and asking for that information which the members should have, as I said before, cannot be justified.

By the Chairman:

Q. The very next question asked by Mr. Smith deals with the question of the destruction of equipment at No. 10. I think it does. Supposing we have an answer to that now?—A. I feel certain, before reading it, that it will not satisfy the detailed answer required; but it deals with generalities and points out our position on the matter:—

Mr. Smith asked for a list of the materials destroyed at No. 10 Repair Depot.

1. The destruction of equipment at 10 RD can be classified under two main headings:—

- (a) Equipment which was reduced to produce by the R.C.A.F. in accordance with the arrangements in effect at that time or with the general authority of W.A.C., and which are explained in my answer to Mr. Shaw's question paras. 1 to 3. No destruction took place under this category after August, 1945. Unfortunately, no collective statistical data was kept of the equipment which was reduced to produce under this arrangement as it was not apparent at the time that there was any advantage to be gained from this additional administrative work, although it can be stated that there was no major equipment broken down under this arrangement except for the purpose of obtaining spares. Naturally, when all serviceable bits and pieces were extracted, the remainder of the aircraft which was not required for spares became produce and was reported to W.A.C. for disposal.
- (b) Equipment destroyed by Air Force personnel under specific arrangements made with War Assets Corporation as described in para. 4 of the previous answer to Mr. Shaw. The Air Force was given a receipt for this equipment and although our personnel were engaged in its destruction, it is not possible to state what was destroyed because a saleable or potentially saleable portion of it was moved from the site by the representatives of War Assets Corporation, and if any data is available as to the exact amount of equipment destroyed under this heading, War Assets Corporation will provide it. It is known, however, that included in this equipment were a great many Oxford Aircraft which were burnt on the site at Calgary under the supervision of War Assets representatives as described.

By Mr. Smith:

Q. I do not care if it takes until doomsday, but I want to find out because I know personally that aircraft were landed at the municipal airport and flown to No. 10, a matter of a few miles away, and there they were destroyed. Now, those aircraft must have been serviceable to some extent because, surely, you would not let a young lad go up at the municipal airport and fly that thing over there to No. 10 unless it was serviceable to a considerable extent. But these planes were flown over there and they formed a part of that fire. My own son flew them and took them over there and I know what happened to them afterwards. Surely there must be some details of what was taken over there. I ask this simple question with respect to instruments: was a sledge hammer taken and the instruments smashed before the plane was destroyed?

It appeared in all the western papers that that was done. Obviously, the people who were engaged in that operation must be protected, but, is it your admission, quite frankly, that this fire burned as it did for weeks, yet there is no list of what went into the fire?—A. Well, Mr. Chairman, that is correct; in the R.C.A.F. hands, that is correct.

Q. Prior to June, last Spring?—A. That equipment was destroyed by the air force personnel, after it was receipted for by War Assets Corporation and some of it was removed elsewhere. We have no specific list of what was destroyed, but we can produce a list of what we handed over to War Assets.

Q. In May and June, for example,—there were other months, however, that stick in my memory; I think there was an election in June—I know that it was burning and I know that I tried to get in and have a look at it but I was shunted away very quickly and I was not allowed to see what was being done. Of course, I might have been a saboteur.

Mr. REID: I am sorry that I was not here at the beginning of the meeting, but there is one question I would like to ask: I take it that before materials were disposed of, that War Assets Corporation entered into the picture, and, in co-operation with your department made a decision as to materials which would be saleable or might be saleable, and as to materials which should be destroyed?

I rather gathered from the statements you made a minute ago that War Assets Corporation have been called in by the air force before these articles were designated, as to whether they should be destroyed or sold, and that when War Assets gave you the O.K., after being in consultation with them, and after consultation you destroyed so many, and the cost referred to War Assets. Is that so?

Mr. SMITH: Could we not have a representative of War Assets here who knows about these things, and a representative of the R.C.A.F. at the same time? I am not suggesting there is any buck passing, because they have not been asked; but there might be some afterwards. Let us have them both here together. I think that would be a good idea, would it not?

Mr. LALONDE: I agree with Mr. Smith that these things should be cleared up by this committee before they are broadcast all over the country. I do not think the impression should go abroad that either the R.C.A.F. or War Assets have destroyed valuable things because, in this aviation business, about which I know something, it might be surprising to some people but not to those who know something about it, that a plane may be flown from one site to another and there be destroyed by fire upon its arrival. I understand a military plane can be flown this morning and can be stripped of many valuable military gadgets that may be of commercial value, yet the rest of it is absolutely no value at all. So I agree entirely with Mr. Smith's suggestion that, if it is possible, we get full information from the responsible parties, according to the discussion, about the destruction of aeroplanes in Calgary. I would be very glad to hear those parties and have them give us complete and full particulars regarding those things. In my own district I have been charged with this accusation: that I was on this committee trying to hide something bad against the government. That is not my position here. I want everything of that nature to be cleared up. If the accusation is true, those people know what to do and what to think about it. Yet, if it is not, and I understand from Mr. Shaw, and Mr. Smith will agree, that the accusation that is made is not true, then I agree with the suggestion made by Mr. Smith and Mr. Shaw that the party responsible for the destruction of these aeroplanes be brought here to take the witness stand and answer our questions on that point.

Mr. GOLDING: Mr. Shaw, you brought this up in the House last year, did you not?

Mr. SHAW: I brought it up in the House only when circumstances forced me to do so. Early in September I felt that a halt should be made to what I regarded a very detrimental action. Later on I participated in certain debates only because the matter came up. I agree wholeheartedly with what Mr. Smith has advocated because, in the West, we had the R.C.A.F. engaged in the work of destruction, and the representative of War Assets Corporation was worried because he did not know what was going on, according to advice that reached me. We had the educational liaison officer running around in circles trying to get even a list of the materials at certain airports. I understand that he was not permitted to enter the airport. It is true that I entered the airport but not as a member of parliament, because I feel I could not have got in as such; but, very conveniently, I sold insurance or they thought I did, to some of the civilian employees at the airport, so I got in. It is this lack of liaison that worries me tremendously. It is not on the basis of what has already happened, but rather what might happen with respect to this \$490,000,000 worth of equipment stored at various places across Canada.

Mr. HOMUTH: I agree with Mr. Golding that it is very very unfortunate that this matter, having been brought up in the House and to a large extent denied, it is now brought up again when months and months have gone by. The House re-convened and this committee is sitting again, yet no preparation was made by anyone either in the various departments of government or by

the government itself to try to get the truth of this matter, so, when the committee was set up again that truth could be told to the people of this country. Mr. Shaw says that what worries him is the tremendous quantity of war assets. War Assets is the biggest business in Canada. Last month they sold some \$46,000,000 worth of stuff. There is no business like that in Canada. The destruction of this material is also important to the Canadian people today from the standpoint of the set-up of the permanent army, navy and air force. We want to see that those three services are set up in such a way that the money taken from the taxpayers will be expended properly and be looked after just as carefully as money going through any of the departments of government.

This is information which should be made available. I agree with the members of the committee. I asked a question the other day: did you sell anything or destroy anything that had not been turned over to War Assets, and the answer was "no". Again we are given the impression that the air force in itself had nothing to do with anything except through the orders of War Assets in one way or another.

Mr. Shaw says that the people out there destroyed it and they represent War Assets. I think that, for the benefit of the House and the benefit of the people of the country, this matter should be cleared up and that at our next meeting we should have a representative of the two bodies here.

Mr. LALONDE: I understand that Mr. Shaw has lodged a very grave charge against an official of the War Allocation Committee when he stated that the official did not know anything about the things that were going on?

Mr. SHAW: I was advised that the western representative of War Assets Corporation, stationed in Calgary, declared he did not know what was going on at Penhold, beyond the fact that they were engaged in destroying material there.

Mr. LALONDE: I made my position clear: that I would not like the committee to be the springboard of such a declaration; but if Mr. Shaw—and I know he is sincere in his declaration—were to go to the very bottom of this matter, I would second his motion to bring in those officials before our committee, so we may ascertain if they knew something about what was going on in the West where things have been destroyed.

Mr. Shaw said he received his information from a reliable source. I know that nearly all the members of this committee receive information through reliable sources; so have I. But, before putting such information before this committee, I am very careful in checking up that information; and in nearly every case I have found it to be—in many cases—to have some political meaning underneath, trying to establish a kind of scandal against either the government or someone else. So, if it is true that War Assets Allocation Committee carried on this very process, then they were employing a man who did not know how to carry on his own duties, and I would be very glad to second a motion, if Mr. Shaw cares to put it, to the effect that this man be brought in here. That is the way we can do something concrete. We have been sitting here for many weeks and we have been listening to briefs and to witnesses, in good faith; but we are not acting on concrete things. Now, a charge has been laid before this committee and I desire that we go to the very bottom of it.

Mr. MARQUIS: In order to save time and in order to obtain good results, I think it would be important that the precise question be submitted to the representative of the War Assets Committee in order that, when he comes here, he be ready to answer. It often happens that someone comes here and says he will have to provide an answer in a week or two; and if we ask for a representative from War Assets Committee to come here, he will come and say: I can be ready in a week or two weeks. And the representative of the

air force will be ready in two more weeks; but if they could both be ready together at the same time and prepare their answers together, then we would have a satisfactory answer when they do come. I therefore suggest that those who put a question ask, precisely, what they want, and that both air force representatives and War Assets representatives may be ready to answer when they come.

I would prefer that they come in two weeks and give their answers, rather than to come in two days and then adjourn for two weeks when we would have to wait until July or November to get the answer.

Mr. GOLDING: The statement has been made by my friend that, for political purpose or some other purpose, these charges were made. That has no bearing at all on the matter.

Mr. MARQUIS: I just used that as an illustration.

Mr. GOLDING: The fact of the matter is that this has been discussed; it has been brought to the attention of members of parliament and to the attention of the House; and I submit that a frank statement be furnished telling the country who is responsible for the destruction, if there be some destruction, and what was destroyed. There is no good purpose to be served by the air force saying: this was done under the approval of War Assets. If that is so, well then, let us know who is responsible and what was destroyed. It would satisfy the public because, it might be, that parts of aeroplanes would be useless, completely useless, for carrying on flying purposes, and all that kind of thing. We could understand that. But, at the present time, as far as I know, there has not been any frank statement made, or any lists of the items that were destroyed, furnished; and as long as that situation exists, the public will be suspicious and they will not be satisfied; neither will the members of this committee.

By Mr. Reid:

Q. I wonder if the witness could answer my question that I asked a little while ago, relating to the statement which I got: that War Assets and the highest officers of the air force went over the equipment and decided what equipment should be burned and what equipment should be disposed of; and I asked the witness if that is correct?—A. Subsequent to February, 1945, that is correct, Mr. Chairman.

Q. It is a new policy, and I have never heard of it being in force in any other district. Usually the air force makes its own decisions as to what it will retain and what it will dispose of; and later it is all turned over to War Assets. This, apparently, is something new in the province of Alberta, where War Assets has been called in, and I presume they will have to assume some responsibility for the destruction? War Assets was not involved in whatever, if any, piece of equipment was surplus or otherwise to R.C.A.F. requirements.

Mr. McCULLOUGH: Do I understand that we can tender questions to the steering committee and that the witness will answer them at a future date?

Mr. REID: The steering committee sits in camera.

Mr. McCULLOUGH: The witness has said that some of this equipment was unsaleable?

The CHAIRMAN: And that has had a direct bearing on this particular matter?

Mr. McCULLOUGH: Yes.

The CHAIRMAN: I would like to clean up the question placed before the witness at the last meeting, if at all possible. I am anxious to do that.

By Mr. McCullough:

Q. The witness said that this equipment destroyed was obviously unsaleable. I would like to ask him if that was R.C.A.F. personnel who declared it such,

or was it certain engineers, and where did they come to the conclusion that it was obviously unsaleable?—A. Mr. Chairman, the point referred to reads as follows:

In March, 1945, the physical reduction to scrap metal of surplus repairable and unserviceable equipment was stopped except for airframe and aero engine technical spares considered obviously not saleable. Items other than airframe and aero engine technical spares which were non-saleable were, therefore held on charge in whole state pending possible use by War Assets.

This I referred to previously as being a list that they considered saleable, and that any other items were not saleable. In March, 1945, the air force eliminated all these non-saleable items and proceeded to report them except obviously non-saleable airframes and aero engine technical spares.

Mr. SHAW: I should like to make a statement following what Mr. Lalonde said. For a period of eight or ten months I have steadily avoided trying to pin our investigation to urging an investigation or directing attention to one specific act such as Penhold. But I do want to assure the honourable member that I am usually pretty careful about my evidence before I make any assurance in the House or before this committee. I have not yet asked that we make a specific check on Penhold. I could flood this committee with evidence and I could bring in some of the very best liberals and conservatives in that part of the country; but I have endeavoured to keep away from asking for any investigation of any specific centre, realizing that we should have learned some lessons from what has transpired there; so, let us change our policy in order to avoid a recurrence of such things in the future.

There is not very much hearsay with respect to the Penhold affair. We could bring men down here who drove the bulldozers that they said had no commercial value, but I am not asking that it be made a specific item.

Mr. LALONDE: There seems to be some kind of contradiction in the statements made by Mr. Shaw; but this very fact remains before the committee, the principle raised before the committee of what he calls hearsay evidence, although he says he has assured himself.

Mr. SHAW: Hearsay evidence only as it applied to the one individual, the western representative of War Assets Corporation; but it is not hearsay evidence with respect to the greater part of the evidence that transpired here.

Mr. LALONDE: I cannot accept the fact of a member rising in his seat and saying that the western representative of the War Assets Corporation is not fit for his duty according to the order of reference as given to him by the proper authorities. This is a specific charge against somebody.

Mr. SHAW: I did not blame the western representative of War Assets Corporation for anything. I simply indicated that, upon good authority, I was advised that he was not informed of what was going on at Penhold.

Mr. LALONDE: I would like to know the name of this dependable authority from whom Mr. Shaw got his information, if he would be kind enough to tell the committee the name of this person, or this man. If there were some responsibility on the part of the official, then I would be very glad to be here and put in some questions, to find out if he has carried on his duties well.

Mr. PROBE: I think we are getting a little bit away from the purpose of what we are intended to suggest. Our suggestion was that we have a witness able to speak on behalf of War Assets here at the same time that we have a competent official of the air force, who can then discuss jointly—and I hope that they discuss it with us jointly rather than prepare their statement in advance, as was suggested a few moments ago. We want to get the facts, I think, and then we can pursue the matter with respect to all reductions to scrap.

The CHAIRMAN: You are all experienced committee men and I wonder if the suggestion offered by Mr. Smith, supported by Mr. Golding, who has had more experience than any one else in connection with committee work, will bring about the results that you desire. You have already placed a large number of questions before the representatives from the R.C.A.F. and he is endeavouring to place his answers before you and to supply the information which you want. Now you break in and ask that another department be represented here at the same time so as to give you an opportunity to ask questions and receive replies from both sources.

I want to say that if the committee decides otherwise, I am quite willing to abide by their decision, but I point out that it has not worked out in the past in a way to bring about the results which I feel you desire. I suggest that you continue to clean up the evidence and the answer as provided by the R.C.A.F. and arising out of that information and then to call on the representative from War Assets Corporation or any other organization that you wish to say whether that is true or correct or not, and to question him along any lines that you desire.

Mr. HOMUTH: I think, from the evidence and the answers to the questions asked the other day, we should have these men here because many of those answers are not clear to the members; they do not give us the full information that was asked for, and now witnesses must come back and get clearer answers for us. There were certain questions asked by Mr. McGregor, and I think the very inconclusiveness of the answers given this morning show the necessity of cleaning up these things before we go on any further with this, because we are going to waste time getting half an answer today and the rest of the answer a week hence.

Mr. BRADETTE: I believe we have done good work so far. I know what committee work means, and I would compliment Group Captain Millard for what he has given us this morning; it has been courageous. I may have too much confidence in human nature and even in some government officials, but no one can make me believe that the R.C.A.F. or some high officials of War Assets Corporation deliberately destroyed something that was useful. I cannot believe that. It is very easy to ask questions. I remember that my good friend, Carl, had something very strong to place before the committee last fall but somehow we did not hear anything more about it.

Mr. HOMUTH: You would not let me.

Mr. BRADETTE: I am certain; in fact I am almost positive that no officer of the R.C.A.F. or no official of War Assets Corporation would take something that belonged to the Canadian people that was useful or saleable and deliberately destroy it. I agree with the chairman that we should carry on with our witnesses. All the witnesses we have had, not only on this committee but on all the committees that I have sat on in the last twenty years have always given us 100 per cent co-operation. So I think we should carry on with our witnesses and, when they are finished, Group Captain Millard has given us a very strong statement so that we can, if we have the officials of War Assets Corporation come before us, grill them on that statement, if necessary.

Mr. McCULLOUGH: I feel that I cannot go along with Mr. Bradette in his expression of trust; but I do feel that there has been a strong sentiment expressed here in favour of having representatives of the two departments before this committee and I do feel that we should utilize the duration of these meetings for our witnesses and their answers and that, before we close to-day, we should have the sentiment taken of this committee as to whether or not we should have two officials before us.

The CHAIRMAN: Would it not be better to wait until we clean up the answers as requested to the questions?

Mr. McCULLOUGH: Yes, I can do that.

Mr. SHAW: Strictly speaking, you cannot do that. Take the answer to my question, for example; really, most of the discussion has arisen out of that. We can take the answers which the witness is prepared to offer, but the difficulty is only starting, in our doing that.

The CHAIRMAN: I should think you would all be in a much better position to make a decision if you heard all the answers previously requested. Now, the next question was asked by Mr. Reid and it is one which has a close bearing on question No. 3. I think we should hear No. 4 and then proceed along an orderly way.

Mr. GOLDING: In regard to your statement, I want to make my position perfectly clear. We have waited patiently for some definite report so that it would clear the air in regard to the destruction it was alleged took place, not only at one spot but at many places as well. Now, the House itself understood that there was a great deal of concern, expressed in regard to what was happening and I had expected that when this question was asked the answer would give us some definite information but it really does not.

I think I was quite within my rights in rising to protest against the answer which had been given us. The answer did not give us the information we expected; it did not clear the air; it did not tell us who was responsible for what was destroyed, whether it was the air force or War Assets Corporation. So, in view of that, I think any member has the right to rise in his place and raise an objection which, so far as I am concerned, I did.

The CHAIRMAN: Nobody questions your right there, Mr. Golding. Let us pass on to No. 5 question.

Mr. STEWART: I think we should pass on this question. The answer given to Mr. Smith was simply absurd as an answer. I am in favour of having a responsible official of War Assets Corporation here so that when the air force answer and say: this was an instruction from War Assets, we can clean the matter up at once instead of having a gap which may last as long as two weeks.

Mr. MCGREGOR: I certainly agree. I do not see how we are going to get any place with meetings of 3½ to 4 hours a week by dribs and drabs, having one department after another coming up here and telling us their side of the story; then they will go away and we will waste time trying to find out. I asked a question some time ago and I have had no answer yet and there does not seem to be any effort made to get the answer; but that is the general policy and I was deliberately delayed.

The CHAIRMAN: Why do you say that?

Mr. MCGREGOR: Anybody can see that! Even a blind man can see what is going on. It is a daily process, just delay, delay, delay, hoping that the end of the session will come and nothing will be done. If we are going to get any place, we must meet oftener than two days a week and we must have the proper witnesses before us otherwise we won't get any place.

Mr. PROBE: This appears to be a form of game, a sort of mental hide and seek; and I would suggest, without casting any reflection on the witnesses, that one answer should supplement the other. I do not see any technical difficulty in having two witnesses here at the same time.

Mr. WINKLER: It seems to me that this is a matter of procedure. When anything occurs, are we going to stop our general procedure and try to probe one particular matter to the bottom? I suggest that we follow our original plan and proceed in a systematic way and then, when finished, bring as many of the various departments together as necessary and clean up, in principle, rather than to run down each scandal.

Mr. HOMUTH: That is not the word to use at all. If there was any suggestion of scandal about it, it was suggested last year. As a member said here, the papers were full of it. If there was no truth in it, then why did not the government department deny it properly? But they did not do that. They said: "It just did not happen." Now, we have other evidence that it apparently did happen, a certain element this morning that would lead us to believe it did happen. It is not a question of scandal but rather one of trying to get at the root of these things for the benefit of the future people who will handle it. This came up as the result of a question that the witness was going to answer this morning. The question was not answered, and as a result of its not being answered, other questions were asked and led up to this. Now we have a situation that is very serious. Let us clean the thing up. If the government has a statement to make on this matter, let someone come here and make that statement.

Mr. WINKLER: Mr. Homuth said that I said we should not probe everything that comes up. Those are his words, certainly not my own, and I think the record will bear me out.

Mr. STEWART: I move:

That we have the official of War Assets Corporation responsible for giving orders for the destruction of any assets present at this committee on Friday next.

Mr. BRADETTE: We are sitting on Thursday just the same?

The CHAIRMAN: We are sitting on Thursday and Friday, I hope. You are a member of the steering committee, and you are aware that in a report to the main committee we recommended a certain procedure. Now, Mr. Stewart, in your motion, you propose to throw that overboard and ask this committee to adopt a different course. I am going to suggest to you that you place that motion of yours before the steering committee, in regard to Friday's witnesses.

Mr. STEWART: I will agree to that, as long as it comes up before this committee on Thursday.

Mr. MCGREGOR: Why should this be referred to the steering committee? It is just another question of delay? Here we are, a group selected by this House of Commons to sit in here. Surely we are capable of deciding whether a man shall be called as a witness or two men called as witnesses or not, without further dilly dallying around. Why should it first go before the steering committee? Who says it must first go before the steering committee?

Mr. McILRAITH: The committee said it.

Mr. McCULLOUGH: I suggest that you have a motion before this committee and I will gladly second Mr. Stewart's motion.

Mr. GOLDING: Mr. Chairman; I think Mr. Stewart would be perfectly satisfied to bring that before the steering committee because, after all, we did agree that the steering committee should arrange the program from day to day.

The CHAIRMAN: My understanding, Mr. Stewart, is that you are withdrawing your motion and will bring it before the steering committee?

Mr. STEWART: Yes.

The CHAIRMAN: Then, the meeting stands adjourned until Thursday, May 16, at 11 o'clock.

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Canada, War Expenditure - 1946

(SESSION 1946
HOUSE OF COMMONS)

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-46 W12 (SPECIAL COMMITTEE

ON

WAR EXPENDITURES AND ECONOMIES)

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 11

THURSDAY, MAY 16, 1946

WITNESS:

Group Captain Victor S. J. Millard, Supply Staff Officer, R.C.A.F. Maintenance Command Headquarters, Uplands, Ont.

OTTAWA
EDMOND CLOUTIER,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1946

JUN 1946

MINUTES OF PROCEEDINGS

THURSDAY, May 16, 1946.

The Special Committee on War Expenditures and Economies met at 11.00 o'clock a.m., the Chairman, Mr. Isnor, presiding.

Members present: Messrs. Benidickson, Black (*Cumberland*), Bradette, Cote (*Verdun*), Golding, Isnor, Lalonde, Marier, Marquis, Murphy, McCullough (*Assiniboia*), McGregor, McIlraith, Probe, Shaw, Smith (*Calgary West*), Stewart (*Winnipeg North*), Winkler.

In attendance: Mr. H. F. Gordon, Deputy Minister of National Defence (Air); Group Captain Victor S. J. Millard, Supply Staff Officer, R.C.A.F. Maintenance Command Headquarters, Uplands, Ont.; Lieut.-Col. W. M. Thomson, Assistant Director of Ordnance Services (Provision), Branch of the M. G. O.; Mr. H. R. Low and Mr. J. S. Irvin, Assistants to the President, War Assets Corporation.

The Chairman presented the Fourth Report of the Steering Committee, as appears in this day's Minutes of Evidence.

It was suggested by Mr. Smith that paragraph 4 of the report be amended to the effect that Mr. Berry's appearance to deal with the destruction of equipment be deferred until Tuesday, May 21.

The Committee agreed to this suggestion, and, on motion of Mr. Cote, the report was adopted as so amended.

The Chairman filed a communication from Colonel W. G. Denney in answer to a question by Mr. Probe. The said communication was read into the record.

Group Captain Millard was recalled and was further examined.

On motion of Mr. Lalonde,

Resolved,—That further examination of the witness regarding the destruction of equipment be deferred until the witness has produced a list of materials and equipment destroyed under R.C.A.F. regulations at No. 10 Repair Depot, Calgary, and at No. 2 Technical Signals Unit, Penhold.

At 1.00 p.m., witness retired and the Committee adjourned until tomorrow, Friday, May 17, at 11.00 a.m.

R. ARSENAULT,

Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

May 16, 1946.

The Special Committee on War Expenditures and Economies met this day at 11 o'clock a.m. The Chairman, Mr. Gordon B. Isnor, presided.

The CHAIRMAN: Gentlemen, if you will be good enough to come to order we will proceed with the business of the meeting. The first item on the agenda today is a report of the steering committee. I will ask the clerk to read that report.

The CLERK:

THURSDAY, May 16, 1946.

Your Steering Committee met on Wednesday, May 15, and begs leave to present the following as a Fourth Report:—

The following matters have been considered by your committee and dealt with as indicated in each case, viz:—

1. A request from Mr. Probe (as amended in accordance with your committee's recommendation in its third report) that the Director of Auxiliary services be called to give evidence on what is being done with the equipment donated to Navy personnel by auxiliary services and returned as being of no further use to the Navy.

Your committee recommends that the Director of Auxiliary services be requested to appear before the Committee following the representatives of the three armed services.

2. A request by Mr. Smith that the affairs of the "Canadair" company be investigated.

As recommended in your Committee's third report further particulars have been received from Mr. Smith in respect of this proposed inquiry. Your committee feels that this inquiry should be preceded with by first obtaining a report from the Department of Reconstruction and Supply on the above-mentioned company, and it is recommended that the Parliamentary Assistant to the Minister be requested to file such a report.

3. A request by Mr. McGregor that further evidence be obtained from Captain Hope in respect of his statement on yachts chartered during the war as appears on pages 137 and 138 of the Committee's Minutes of Proceedings and Evidence.

The Clerk was instructed to inform Captain Hope that he will be recalled for further questioning on the said statement.

4. A motion by Mr. Stewart requesting the attendance of Mr. Berry on Friday, May 17, to give evidence on the destruction of R.C.A.F. equipment, and that Mr. Berry's examination be limited, on that occasion, to this particular subject.

Your Committee has agreed to this motion and recommends it to the main committee for approval.

5. Your steering committee would like to give assurance to the main committee that efforts are being made to expedite the printing of the Committee's minutes of proceedings and evidence.

All of which is respectfully submitted.

GORDON B. ISNOR,
Chairman.

Mr. BRADETTE: I have been absent from two meetings of the steering committee and I shall have to ask you to strike out my name. It is not that I would not like to attend, but I shall be a very busy person as chairman of the committee on External Affairs.

Mr. SMITH: Would you mind reading paragraph 4 again, Mr. Chairman?

The CHAIRMAN: Will the clerk please read paragraph 4 again?

The CLERK:—

A motion by Mr. Stewart requesting the attendance of Mr. Berry on Friday, May 17, to give evidence on the destruction of R.C.A.F. equipment, and that Mr. Berry's examination be limited, on that occasion, to this particular subject. Your committee has agreed to this motion and recommends it to the main committee for approval.

Mr. SMITH: That, is tomorrow?

The CHAIRMAN: Yes.

Mr. SMITH: But I won't be here tomorrow.

Mr. LALONDE: Nor will I.

The CHAIRMAN: We worded it that way so as to keep Mr. Berry on that particular subject. It is certainly unfortunate that you are not going to be here.

Mr. SMITH: I imagine it will take more than one session.

Mr. STEWART: But if it would suit the convenience of certain members of the committee better, I would suggest, perhaps, that we postpone it until Tuesday.

Mr. COTE: Yes, I would prefer that.

The CHAIRMAN: I am inclined to think that Mr. Berry plans to remain in Montreal Tuesday, and I was wondering if we would have a meeting on Tuesday on account of our visit to Montreal on Monday.

Mr. McILRAITH: Mr. Berry can be here on Tuesday.

The CHAIRMAN: Fine; then that clears it up.

Mr. SMITH: Any day at all; I do not want to inconvenience Mr. Berry, but I have an engagement in Toronto tomorrow night so I have got to go there tonight.

The CHAIRMAN: But we would like to have you here.

Mr. GOLDING: Since Mr. Smith is interested in this matter, I think, if we could arrange to have Mr. Berry here on Tuesday we should try to do so.

The CHAIRMAN: The report of the steering committee is before you in an amended form to provide for Mr. Berry's attendance on Tuesday instead of on Friday.

Mr. McILRAITH: Would it be all right if you held that for a moment; I have sent a messenger out to telephone to Mr. Berry to find out if he would be available on Tuesday. You would have no objection to holding it for a moment?

The CHAIRMAN: Not at all.

Mr. SMITH: Tuesday, Wednesday or Thursday. Any day.

The CHAIRMAN: In the meantime I have asked the clerk to distribute copies of the reply just received from Colonel Denney covering the questions asked by Mr. Probe, I think. We regret, Mr. Bradette, that you will be unable to attend the meetings of our steering committee and we will miss you. You have been a very faithful attendant. I take it that you do not mean that you will not continue to serve on that committee if possible?

Mr. MURPHY: I have noticed that these meetings are convened at your calling, Mr. Chairman; and I know that quite a lot of the members are concerned about being absent on Fridays. It is suggested that you hold your meetings on Tuesday, Wednesday and Thursday?

The CHAIRMAN: We considered that, Mr. Murphy, and the steering committee was of the opinion that Wednesday was rather a bad day, not just for one party but for all parties.

Mr. MURPHY: But Friday seems to be—one may be bad but the other is rotten because so many of the members are away on Friday.

Mr. BRADETTE: It is not the fault of the committee.

Mr. MURPHY: I know that most of them on the committee would like to be in attendance at all meetings.

The CHAIRMAN: We will reconsider that, Mr. Murphy, but at the moment I do not see how. The meetings are held in the morning, and the members do not, at least I hope they do not, as a rule, leave until the afternoon train; and the majority of those who do go home for the week-end do not include the far western members or the prairie province members or the eastern maritime members. As I said, the members who do go home for the week-end do not, as a rule, leave until after the Friday morning meeting. Now may I ask the clerk to read this answer of Colonel Denney's so as to embody it in our minutes.

The CLERK:

Question:

Mr. CHAIRMAN, could he give us the proportion of inland freight as between the Canadian Pacific Railway and the Canadian National Railway?

Mr. CHAIRMAN: You want a breakdown as to the division between the C.P.R. and the C.N.R.?

Mr. PROBE: A division of the expenditures, yes.

Mr. HOMUTH: Just a minute, do you want a division of how much might go to each railway, or do you want to know why there is a heavier charge there?

Mr. PROBE: No, a division of the total cost.

The WITNESS: Mr. Chairman, I can prepare that answer, but I would like to point out also that the New York Central Railways is involved.

Mr. PROBE: Include them in there, with any other carriers.

The WITNESS: We will include the New York Central, or any other railway company or carrier involved in this freight in Canada.

Asked by:

Mr. Probe, dated 7 May 1946, page 199 of official minutes of the 8th meeting.

Answer:

PROPORTION OF INLAND FREIGHT AS BETWEEN THE CANADIAN PACIFIC RAILWAY AND THE CANADIAN NATIONAL RAILWAY

Using the estimated amount of \$625,540.00 as a basis the proportion of inland freight as between the C.P.R. and the C.N.R. is as follows:—

Tonnage (CP)	11,203 tons
(CN)	27,451 tons
Percentage and value C.P. 29%	\$181,300.00
C.N. 71%	\$444,240.00

There is no information as to the percentage of freight earnings to any other railway company. These would be absorbed by the originating carrier (either the C.P.R. or the C.N.R.) and adjustment with any other railway company would be made by their accounting departments.

The CHAIRMAN: Thank you, Mr. McGregor.

Mr. McILRAITH: Tuesday will be quite all right for Mr. Berry.

The CHAIRMAN: Tuesday will be satisfactory to Mr. Berry. We will now consider the report of the steering committee, as amended. All those in favour say aye? Those against, if any? Carried!

Now, Mr. McGregor?

Mr. MCGREGOR: I want to ask a question about this report of the steering committee and also to follow up what Mr. Murphy said in connection with our Friday sittings. I do not know where we get the idea that it was decided that we were to sit on Friday? It may have been decided by the steering committee, but it certainly was not done, to my knowledge, by this committee. Furthermore I would like to know why we could not sit on Wednesday instead of Friday or Monday. I think we should try to meet the convenience of the members of this committee if possible. There are certain members of this committee who find it inconvenient to be here on Monday and certain members of this committee will find it inconvenient to be here on a Friday. After all, members of parliament have business to look after and they cannot be here all the time; but they are here Tuesday, Wednesday, and Thursday.

If this committee really wants to get some place and is serious about it, I think we should sit at least three days a week. Furthermore, I do not see how we are ever going to get any place in this committee unless this committee is split up into several different committees, so that one committee can take one thing and another committee another thing as we did in days gone by. Otherwise this will be a long dragged out affair and the session will be over and we certainly won't have anything cleared up with the progress that we are making at the present time. I think we should give some real consideration as to whether we will sit Tuesday, Wednesday, and Thursday and cut out the Friday meetings. I am satisfied to meet earlier in the morning or to continue later in the afternoon, because, after all, probably the House can do without us for a little while, as far as that is concerned.

There was a reference made to my question which is on pages 137 and 138. I just did not get the reference to that particular question. Just what do you mean by that? That has surely been on the order paper for long enough that it does not now have to be put before the committee again, or before the steering committee. How many times are you going to have to tell me what you are willing to do with it? This information has been asked for now for practically a month, and the chairman even made reference to it the other day as though it had been answered. Now I want to know when it is going to be answered?

The CHAIRMAN: I do not know whether I can make it any plainer to you than the two lines covering the answer. We had about 90 per cent of our steering committee present at yesterday's meeting. The clerk was instructed to inform Captain Hope that he will be recalled for further questions on this matter, on the matter of ships. Apparently the answer given on a previous occasion was not as satisfactory or complete as it should have been and you wanted further information; and we are carrying out your wish to have him recalled.

Mr. MCGREGOR: As far as the answer is concerned, I venture to say that the answer was complete in the first place but was not presented to this committee.

The CHAIRMAN: Well, I do not know whether I need to answer that. That is a foolish statement to make.

Mr. MCGREGOR: Well, you will have to answer a lot more foolish statements than that before you get through. There must be something done in the way of a demand to get these questions answered straight.

The CHAIRMAN: Really, I do not think anyone reading the evidence would expect an answer from the chairman concerning a statement like that. There is an old saying that a person may not lie, but he may not, sometimes, bother to ascertain whether he is telling the truth. I would say that would amply fit the situation before us right now.

Mr. MCGREGOR: Well, if the cap fits, you may wear it.

The CHAIRMAN: No, the cap fits you.

Mr. MCGREGOR: Not at all; the cap fits you. I have asked for this question. The question is quite clear, to give us all the information about these yachts that were asked for; and when I asked how much money was spent on each one of these yachts you refused to answer that question. I venture to say the answers are available and can be produced any minute you want them to be produced.

The CHAIRMAN: I did not at any time withhold any information regarding ships, or any other subject. Nor do I propose at this meeting or any future meetings to withhold any information as sought by any member of the committee.

Mr. MCGREGOR: You do not withhold it, but we just do not get it. That is all!

Mr. MCILRAITH: This involves the whole steering committee. The language used and the charges made, such as they have been made by Mr. McGregor this morning, are just something that cannot pass. The steering committee met and dealt with this thing and it had its committee report brought forward and approved. It has done that regularly. It is just a matter of when the witness is going to be brought into the committee and at what point. The steering committee, rightly or wrongly, took the position of not wanting to interrupt the proceedings at the moment but rather to recall Captain Hope at another time. If there is anything wrong with that, the matter is open for discussion here and surely there is no need to make the charges that have been made about the chairman. Especially is that the case when, with due deference, the whole committee had to do with the matter, not just the chairman alone. The steering committee reached its decision unanimously and the four parties were represented on that committee. I do not recall any difference of opinion in the sub-committee as to that. I do not think we should have these charges against the chairman go on the record. I think they are entirely out of order and a waste of our time.

The CHAIRMAN: Gentlemen, will we proceed with the witness?

Group Captain Victor S. J. Millard, recalled:

The CHAIRMAN: If I remember correctly, Group Captain Millard had answered four questions, and we were dealing with a general statement by the R.C.A.F., and we were considering the practice of the R.C.A.F. in regard to stopping repairs. This was an outcome of a question asked by Mr. Shaw. May we proceed from that point, Group Captain Millard?

The WITNESS: Mr. Chairman, this is a general statement on the practice of stopping repair.

1. It is not practical or normal engineering practice to repair some items which become unserviceable because of the nature of their construction, e.g.,

cracked pistons, aero engine cylinders, crank cases, radar tube, light bulbs, bake-life fittings, condensers. There is, however, a great bulk of equipment which is normally repaired when the stock holdings are at the normal levels. Under the extraordinary conditions existing as the result of the end of hostilities and the events leading up to it, i.e., the reduction in flying programmes which threw up tremendous quantities of these items in excess of R.C.A.F. requirements, a decision had to be made as to the relative economics of declaring these items as surplus to War Assets Corporation on the possibility that the reclamation value would be substantial as compared to the firm and known saving to be effected by utilizing these surpluses and thereby saving the expenditure of public monies for the overhaul of repairable items. This was introduced with particular reference to aero engines. It is to be noted that the repairable item which is thereby rendered surplus is in its turn declared in its whole state to War Assets Corporation and is available to any customer that they may have who wishes to acquire it and pay the cost of repair himself.

2. The stop repair on the applicable items continues in effect until the stock is reduced to pre-determined level at which time the normal repair and overhaul programme is re-instituted and the existing holdings are sufficient only to allow for the normal distribution and wastage.

Mr. SHAW: May I just make a suggestion to the witness: that, when presenting a statement to this committee such as the one we had the other day, that he make a more elaborate statement than he did on that occasion. If we had had the information which he now gives us, my question would never have been asked. I wanted to be assured that this policy was brought into effect at the time the war ended, and that it applied more particularly to that period following the cessation of hostilities. Is that correct?

The WITNESS: That is correct.

The CHAIRMAN: Are there any other questions arising out of the statement made by Group Captain Millard? If not, we will proceed to the next question and its answer.

The WITNESS: Mr. Probe asked for a statement dealing with the truth or otherwise of the statement that there had been repair particularly dealing with Wireless Sets which had been brought in to Penhold from all parts of Alberta or elsewhere for repair and which had subsequently been reduced to scrap.

1. As explained in the preliminary statement by D.E.S., under the repair policy in effect in the R.C.A.F., all equipment was categorized to establish the necessity for repair before such repair was commenced. In accordance with this system, wireless equipment which, according to the best information available at that time, was required for continued operations, was brought into Penhold for repair. Radio and radar was of such a highly specialized nature that its repair was restricted to two Technical Signals Units—one at Penhold for Western Canada and one at Debert for Eastern Canada.

2. However, changes were constantly taking place due to alterations in training programmes to coincide with fluctuating personnel requirements overseas as the trend of the war dictated, and also subsequent to V-E and V-J Day as the Pacific participation and the post-war commitments were adjusted in accordance with the latest plans produced by the Air Staff. As a result of these changes, equipment on which some repair effort had been expended or on which repair had not commenced, was no longer required, and consequently, immediate recategorization of the item was made and a Stop Repair Order issued on the item affected. If the equipment had been specified by War Assets in their authority to the R.C.A.F. as having no commercial resale value, the equipments concerned were destroyed.

By Mr. Probe:

Q. This is one of the forces' policy matters which I think has been under considerable criticism. We realize, of course, that in modern warfare, standards improve with respect to equipment and, what was considered to be an excellent bit of equipment a month ago is today considered of little fighting value, shall we say. I can see that the air force would be supplied with some items of equipment that would not be any longer necessary for carrying on a war. It seems to me that they have failed—they are not flexible—they have failed to adapt themselves to the fact that they are spending money of the citizens of this country.

This is simply one item. We had another one like it in connection with the vehicles returned from overseas, in the case of the army, in the report a few days ago. Items were sold here after they had been brought from overseas. I wonder if the witness could give us an additional statement as to how this policy was arrived at?

Who sets the policy? We assume that these are men of vision and we assume that they will not be changing their minds every minute or two as to what is to be needed and that they will bear in mind the money that is to be spent. Can we have a statement from the individual who actually decides, first of all, that this material will be brought in for this repair purpose, and then, later on decides that the forces no longer require that equipment, after the expenditure has been entailed?—A. The need for any piece of equipment in the R.C.A.F. is determined by the Air Staff, implementing their responsibility during the war to fight the war with the best equipment available at the moment. The determination of what is the best equipment is provided by the various technical staffs, whether we are speaking of armaments, signal equipment, or aircraft themselves.

Q. The responsibility is not on the shoulders of any one member of your staff?—A. That is correct, Mr. Chairman.

By Mr. Stewart:

Q. I do not know what Mr. Probe's definition of "men of vision" is. This is very important. I think the witness said that materials specified by War Assets Corporation as having no commercial value were destroyed. Nevertheless, it is possible that many of those things destroyed, though they may not have had any commercial value, nevertheless would have been very useful for educational institutions and could have been sent to schools and colleges, perhaps, throughout the country and used in such institutions. I want to chase this down further and find out what these things were which had no commercial value in the mind of War Assets, and which were destroyed?—A. I will have to prepare a statement under general headings of such items.

By Mr. Shaw:

Q. May I ask the witness to repeat the last sentence which he read in connection with his reply to this question?—A. The last sentence reads as follows:—

If the equipment has been specified by War Assets Corporation in their authority to the R.C.A.F. as having no commercial resale value, the equipments concerned were destroyed.

Q. In the answer provided last day to my question, that is the third part, subsection "C":—

As a result of discussions between the R.C.A.F. and War Assets Corporation in February 1945, War Assets Corporation provided the R.C.A.F. with a list of certain items which could be sold by them in their repairable condition (whole state) and indicated that they had no interest in any other surplus repairable equipment.

Q. May I ask if the R.C.A.F. submitted to War Assets Corporation a complete list of all that they might have at any given point, say, at Penhold, and which they considered to be of no further value commercially? Did you submit a complete list to War Assets Corporation covering your so-called surpluses?—A. The method by which this list was arrived at was a review of the price vocabulary of the R.C.A.F. by officials of War Assets Corporation.

Q. That does not mean as much to a layman as it does to the R.C.A.F.?—A. The price vocabulary is a publication containing a list of equipment used by the R.C.A.F.

Q. That would be a general statement covering the whole R.C.A.F.; is that correct?—A. That is correct.

Q. But take a given point like Penhold, did you supply to War Assets Corporation a complete list of what you had in hand, say, or what you no longer had any use for because of its having no commercial or because of its non service value?—A. No, we did not submit a list from Penhold.

Q. Then, it can be assumed that War Assets Corporation did not know what you had at Penhold and which you had no further use for?—A. War Assets Corporation, I presume, was not in knowledge, in detail, of our holdings at Penhold.

Q. Then, War Assets Corporation could not be aware of what you destroyed before you actually destroyed it? I think that is a logical outcome of your answers?—A. War Assets Corporation were not in possession of the quantity of the items destroyed. They were in full possession of the types of items subject to destruction at any R.C.A.F. unit.

Q. Then I think we should have a complete list of all classes of items which we had at these airports and which were destroyed by the R.C.A.F. Our difficulty is this: we have War Assets Corporation on the one hand, and we have the R.C.A.F. on the other hand, yet we do not know who are responsible out of those two for any act of destruction, let us say, which occurs at any given point. I find myself very much confused as to who, in the final analysis, had the responsibility of what was destroyed?—A. Would it satisfy the question to answer it by producing a list of equipment with which the R.C.A.F. was provided from War Assets Corporation, and which War Assets Corporation said were items, repairable items that were not to be destroyed but were to be reported in the whole state; and conversely, everything else falls into the other category to which Mr. Shaw refers?

Q. Yes; and we could secure that later list.—A. I can produce a list of general headings of equipment provided by War Assets Corporation to us that they required should be reported to them in the whole state.

By Mr. Stewart:

Q. Another list of all equipment, the difference being that which was destroyed?—A. We have no specific list of the difference. It represents the difference between our total price vocabulary and the items I will produce.

The CHAIRMAN: Will that be satisfactory to you?

Mr. SHAW: Yes, provided that the information is forthcoming. Now, in determining whether or not certain equipment has any commercial value, is it not true that the R.C.A.F. regarded it only from the standpoint of whether it was of any further use for the R.C.A.F. or not? In other words, take for example gas tanks. You have a surplus of gas tanks and you have no further use for them as far as the R.C.A.F. is concerned; but you do not concern yourselves as to whether other uses can be made of those gas tanks. You look upon them as something useable only for scrap. I think it has been charged, not by myself, that gas tanks were stacked up high and deliberately destroyed. Do you endeavour to determine whether they had any value beyond the use by the

R.C.A.F.?—A. Mr. Chairman, I will answer that question and at the same time answer a similar question asked by Mr. Shaw at our last meeting when he asked: what part of the \$490,000,000 worth of equipment is made up of technical radio equipment which has educational value but may not have commercial value. The R.C.A.F. merely determines whether the piece of equipment is or is not required by the R.C.A.F. Any determination as to its potential commercial value is the responsibility of War Assets Corporation and that includes its potential educational value. They have, I believe, a highly qualified staff on that subject alone. In so far as the statement that the R.C.A.F. looks upon it as scrap is concerned, that is not correct. Our position is: that the item is surplus to the R.C.A.F. and, until our instructions are received from War Assets Corporation, it is held in its existing state.

By Mr. Shaw:

Q. If I may pursue that point further, there are many things which the R.C.A.F. did not have to declare to War Assets Corporation. It is mentioned in this answer, and they did proceed to render it to scrap. Now, how could War Assets Corporation know what was being rendered to scrap, let us say, at Penhold, beyond the classes of items listed by War Assets Corporation as being items which are not to be destroyed? Take Penhold, for example. You had certain equipment there which was not included in the list supplied to you by War Assets Corporation and which you were told not to destroy. So you promptly proceeded to render this material to scrap. Did War Assets Corporation examine them to see if they had any technical value before you rendered them to scrap?—A. There is a misunderstanding. The last statement I made related to the existing practice. In August, 1945, previous arrangements were rescinded under which destruction took place upon the blanket authority of War Assets, relative to general classifications of equipment. It is quite correct, as stated, that at the time, at Penhold, that War Assets Corporation did not know the quantities being destroyed. They merely were aware of the classifications.

By Mr. McCullough:

Q. Has the witness a list of these things which were destroyed prior to the change of policy?—A. That is the answer which I will produce to the previous question, the list in reference, the list of equipment which R.C.A.F. was given clearance on, in so far as any interest that War Assets Corporation had.

By Mr. Stewart:

Q. May I ask if your current policy is that everything not needed by R.C.A.F. is reported to War Assets Corporation?—A. That is, with the minor exceptions which were stated before, of brooms, mops, crockery, that were destroyed through fair wear and tear.

Q. Was that your policy before August 1945?—A. No. Blanket authority was held by the R.C.A.F. for certain classes of equipment on which destruction took place.

MR. SHAW: That is all I am concerned about at the present moment. It was asserted that prior to September 1, 1945, certain equipment having technical value was destroyed, and that was called nonsense. Somebody went too far in using the term "nonsense". I am satisfied that there has been a change in policy because I am afraid the lid would have blown off things had the previous policy persisted in effect. Many items having educational value were destroyed, and if that statement was termed as "nonsense" it was only nonsense on the part of the one making the statement. But I am satisfied now that the policy has been changed.

Mr. BRADETTE: With respect to the items of so-called educational value being destroyed, I believe the question should be more definite as to what is meant by "educational value". A few weeks ago I read an article in "Life" magazine about one American airfield where they had 1,000 planes that were going to be destroyed, with not even the engines taken out. There was a suggestion that planes should have been given to institutions such as colleges and universities. Now, in that connection, where is the demarcation line to be. That suggestion has been mentioned time and time again. We can easily understand how radio equipment could be used for educational purposes and there might even be a good reason for a large college or university to have possession of one or two planes. But where should the demarcation line be? The answer would be difficult. The suggestion has been made that a lot of material has been destroyed by the R.C.A.F. which had great educational value; but I do not believe there is one single institution in this country that could handle a plane or even find room to park it in its own yard.

Mr. SHAW: I did not mention that.

Mr. BRADETTE: But it is a necessary question. There has to be some definition. Mr. Probe wanted all that stuff to be given away. I have no objection to doing that; but where would be the beginning and the end of the meaning of "educational purposes." Are we to believe, according to a statement made by the officer of the R.C.A.F., that something has been destroyed which might have educational value?

Mr. STEWART: But what has been destroyed? How can we tell unless we know what has been destroyed?

Mr. BRADETTE: I must rely specifically on the wisdom of the technicians whom Group Captain Millard mentioned a moment ago. But I would like to be clear in my own mind as to the meaning of "educational purposes".

The CHAIRMAN: Mr. Smith?

By Mr. Smith:

Q. Mr. Chairman: It has been suggested that if we take the vocabulary—I think that is the word—and from that subtract the list of useful materials given by War Assets Corporation to the R.C.A.F., that we may then find what has been destroyed. My suggestion with respect to that is this: We, the members of this committee, have no staff. We are not in a position to do that work, but the R.C.A.F. is in a position to do that work and I can see no reason why they should not abstract for us a list of material that has been destroyed. Then, following the line of Mr. Bradette's suggestion, perhaps using the ordinary common sense that we have, we will know if there is some value in it. Otherwise I think we are wasting our time talking about something when we do not know particularly what has been done.

At the last meeting I think I raised the point, as also did Mr. Shaw, and we were told that the R.C.A.F.—plainly told—for example, at Calgary, did not have a list of items which were destroyed but that they did have a receipt from War Assets Corporation which they felt was their authority in so doing. Now, it appears that, before they had any receipt from War Assets, they themselves, acting on their own initiative, destroyed property.

I know enough about the services to appreciate that they would have six sheets of the things listed down to the last rivet. Therefore, the R.C.A.F. must have a list of what they themselves destroyed. The R.C.A.F. must have such a list of what they themselves destroyed. Prior to some change in policy then, they might very easily, with the stock at their command, be able to subtract from their vocabulary the items given them by War Assets. Then, if we added those two things together, it seems to me if we added the result. The difference between the list which they must have and the list of the stuff they destroyed on their own

initiative, then we have got the things that are destroyed. Until we get such a list we are all moving in the dark. It seems to me that it would be a simple matter to get that list.—A. Mr. Chairman: the equipment which Mr. Smith stated that the R.C.A.F. destroyed on their own initiative—may I make it clear—what I read out before; the equipment destroyed by the R.C.A.F. with their own people fell into two categories. One: that equipment on which they had prior general authority from War Assets relates directly to the question asked before. That is, falling within the classification other than those specified by War Assets. We had the authority from War Assets in both cases. In the one case, the title did not pass to War Assets. In the second case, it did.

We are preparing, as a result of Mr. Smith's request, a statement to the best of our ability, of the items of equipment which were destroyed at No. 10 R.D. under the first heading, under the general authority while they were still in the possession of the R.C.A.F.

Relating to the point about the difficulty that the committee will have in interpreting what was actually destroyed, I shall produce by general headings both the statements referred to before, that was the equipment which was to be reported in the whole state, and another list by general headings, of the equipment which fell into the other categories, and consequently did not have to be reported to War Assets Corporation up until the orders were rescinded at about the end of August, 1945.

Q. Do I understand the Group Captain to say that they can, by some means, work us out a list of property destroyed? That is all we are looking for. You can accomplish that and get it?—A. Are we referring to one unit particularly? It is a very sizeable task; but the issue is pressed. We have consequently taken steps to the best of our ability to get the statement of what was destroyed in the R.C.A.F.'s possession at Calgary.

By Mr. McCullough:

Q. I think the witness has given us a very explicit answer regarding the two categories, when he told us that both of them had been destroyed under the authority of War Assets. Now I would like to ask the witness: my understanding is that there was a consulting engineering board set up to investigate possible uses of certain equipment, for commercial use or other uses. Could the witness tell this committee if that consulting body was operating before the change of policy, that is, before the time that this material was being destroyed?—A. Mr. Chairman, this body that is referred to, is it a body of the War Assets Corporation? If so I am unaware of it personally. I do not believe that any R.C.A.F. technical officers are on the membership of that board.

Q. I may say that I telephoned to Mr. Berry last September, when I first came down here, and he assured me that there was such a body set up to investigate that sort of thing.

The CHAIRMAN: A body of representatives from War Assets?

By Mr. McCullough:

Q. Yes, to determine whether or not equipment declared surplus could be used for commercial uses?—A. I can merely suggest that that is a War Assets body and we are unaware of it.

The CHAIRMAN: Mr. Smith, the witness would like to know whether your particular question dealt with No. 10 R.D.?

Mr. SMITH: My particular question did not. But I am very much inclined to think that it won't satisfy a great many people sitting around this table. I am not particularly anxious that No. 10 R.D. should be extracted. But if we can get the over-all picture; I do not want to cause any more inconvenience

to the staff if I can help it. But I mentioned No. 10 R.D. because I have some personal knowledge of it. I do think, however, that we should have the whole picture.

Mr. LALONDE: I agree with Mr. Smith. In my district there are rumours to the effect that material that could have been suitable for educational purposes has been destroyed. I tried to get from the people who sell such material some evidence on the subject, but nobody could tell me with certainty what took place. I think the people of this country as well as ourselves here should have a list of all the items destroyed either under the authority of the R.C.A.F. or under the authority of War Assets Corporation because, as long as we have not got such a list, we are just wasting our time. We should find out whether this destruction was reasonable or inevitable or the result of something wrong on the part of somebody. I would move that, under this item of destruction, that the committee reports progress and that the R.C.A.F. officers produce such a list. Otherwise I find myself in this position: that I cannot reasonably tell or come to a conclusion about this kind of accusation, that materials have been destroyed that would have been good for educational purposes. So I would make this motion and I think our friends Mr. Probe and Mr. Shaw would be in favour of it as well because it is moved in good faith, to try to find out the truth about this matter of the destruction of material.

Mr. MARQUIS: I will second the motion of Mr. Lalonde because as long as we have not got that list it is impossible for us to find out whether the stuff would have been useful for educational purposes or not. But when we have that list, we can ascertain.

By Mr. Murphy:

Q. In connection with this same question, respecting material which was reduced to scrap, if any, could we not, when you prepare this list, be given some information, at the same time, about those who received the scrap from these various items?—A. That question would have to be answered by War Assets Corporation.

Q. I mean the material reduced to scrap before War Assets Corporation has anything to do with?—A. The same thing applies; that would have been handled through the standing scrap contracts, administered by War Assets. Prior to War Assets formation, the salvage officers of the defence departments handled it. But when War Assets was formed, they took on the disposal of scrap.

By Mr. McGregor:

Q. Then you do not know anything about it?—A. That is correct.

Mr. SHAW: I am concerned, and not only from the standpoint of educational value that any of these commodities had, if any, but also whether or not we could have realized more from it by selling it prior to its being reduced to scrap. It won't change the nature of your answer. We will have to determine that after we get your list.

Mr. LALONDE: I agree with Mr. Shaw's proposal. We want to know if something has been destroyed that could have been useful. That is all. Otherwise we are wasting our time here and I do not intend to waste my time here any longer.

By Mr. McGregor:

Q. There was a statement made here the other day about dishes from canteens being destroyed?—A. That was not our statement about the canteens. I wonder if it would be satisfactory to the committee to produce a rather comprehensive list of general classifications without the exhaustive survey that would be necessary throughout the country to get down to items by quantities?

That is, earlier in the meeting it was requested that we produce a list of equipment that War Assets wanted reported to them and then, subsequently, it was suggested that we produce the reverse part of the list, that is, the equipment that they did not want reported to them. Now, I wonder if that latter answer will fill the bill as far as the committee is concerned? We can produce that quite readily by selecting the classifications which were not specified by War Assets Corporation. I think the committee—if I may presume to suggest it—might find that to be sufficient for their purposes?

By Mr. Stewart:

Q. That statement, would it be of quantities?—A. No, a statement of general classifications, of equipment which was subject to destruction because it was not specified as being required by War Assets for sale. General headings, whatever the equipment happens to be.

Q. Would it be very much extra work to give us the quantities?—A. Yes. We were not in the habit of keeping statistical data in that form. It is true that we had quite a rigid accounting system, but it does not follow in our producing the information requested here, that it does not involve a lot of work. It does, and it might require the turning out of vouchers, and a review of all book entries. But I do not want to put the air force in the position of not being ready and willing to do this, should it be required. But I would like to point out to the committee that their purpose might be served by a much less elaborate survey.

Mr. LALONDE: I would be willing to accept any kind of information which would lead to the same purpose, if the R.C.A.F. is unable to produce the list with full details of quantities and the nature of the particular items and things that were destroyed. While I am not asking them to do what is physically impossible, yet I would like to know, just to clear up the matter in my mind, what has been destroyed. I want to clear up my conscience on the point. If something has been destroyed that would have been useful, to some extent, I would like to know it. That is all. I am not asking for what is physically impossible. But I would like this matter cleared up as soon as possible because we are lagging behind our schedule somewhat.

Mr. SMITH: Let us take an item. Take gas tanks, as mentioned by Mr. Shaw a moment ago. You must have a stock tag showing how many gas tanks you had on hand. Then, when these things are destroyed, your stock tag must show a difference in the number of tanks. That would not seem to be a tremendously difficult thing to ascertain, the difference between what you had then and what you have here. That would be the number destroyed. That would not be a difficult problem. Surely you will have the cost of those items and we can multiply it ourselves, perhaps, fairly accurately. If you could give us the quantities of unit costs, that would be the kind of information we want. I do not want to be the least bit critical and I have not said a word about anything wrong being done. I do not know. It may be that you deserve a medal for what was done, but I do not know; and until I get this information I am not in a position to make any kind of judgment. It is our task here to go into things like that, no matter if the amount involved be \$10,000,000 or \$1,000,000 or \$500, or \$10. Those are things we would like to know.

There was some talk carried on over a considerable period of time as to the conduct of the R.C.A.F. and of the conduct of War Assets Corporation at Penhold and Calgary particularly. Then, some high officer in your department sent a man out there. He was there for two days and did not spend much time at either place; and he reported to Mr. Shaw and to Mr. Ray, a member of the local legislature, that this was all nonsense. It may be so, but that is what we

are here to find out. But if we do not get to the bottom of these things, our people out there, some of whom vote for us, will say: what good are you? You have not got anything but a few general statements.

So, get us the quantities and the costs and the names of the materials, such as gas tanks and so on. I do not think that would be a very difficult statement for you to find out.

Mr. BRADETTE: It has been mentioned that they have technicians. Now, it may be that some part of equipment would appear to a layman like myself to look saleable and of some value, but to those men, those technicians—they might view it from a different angle. I believe Mr. Smith would have no objection if some technician should appear here and give us his view upon how they conduct their work and how they arrive at which is which.

Mr. SMITH: Yes, but after we have got the list.

Mr. LALONDE: I quite agree with Mr. Bradette's proposal that the list be first tabled. After that the committee will have full latitude to question witnesses and have them explain to the committee the reason why such an article has been destroyed. For instance, I will mention an item which is in my personal knowledge. At St. John's, Quebec, there are some wooden sticks used under aeroplanes that have been left there in an open field without any precautions. I was inclined to think there was some negligence on the part of somebody in letting these valuable articles lie there without any protection; but it was later on explained to me by a technician in the air force that they could not have been offered in the open market and that they were good for nothing. In fact, they could not give them away. These were small pieces of wood that could be used as fuel. When we have these experts appearing before us, we will give them full opportunity to make any explanations. I would be entirely satisfied with the proceedings as far as this committee is concerned.

Mr. PROBE: I wonder if the motion would be sufficient to include, or to have attached to that list the letter of authority from War Assets Corporation authorizing certain specific types of destruction? We will have War Assets before us again, but could we have copies of those letters?

Mr. LALONDE: I think this motion would be welcome; and if the list is produced and the witness is on the stand, I have no objection.

Mr. PROBE: I just ask that question.

Mr. SHAW: May I just say a word about what was referred to by Mr. Smith?

The CHAIRMAN: Are you speaking to the motion?

Mr. SHAW: Yes. He stated that the R.C.A.F. is under a cloud. I may say that he represents Calgary while I represent Red Deer, where Penhold is located. Both of us are constantly bombarded with questions about what is being done to clear this up. When you cross our constituencies today, ninety people out of a hundred will bring up this question of Penhold, so I think we should get this thing cleared away and exonerate the R.C.A.F. as well as ourselves, as members of this committee.

The WITNESS: I would be shirking my responsibility to this committee if I did not point out that it is not as simple as described by one of the members. What is required, as I understand it, is a statement of all equipment in the country which was destroyed by the R.C.A.F. under the general authority of War Assets Corporation.

Mr. LALONDE: If you will permit me—I am sorry to interrupt you—but I would be quite willing to accept a restriction of the motion to peruse one case at a time, for instance, the Penhold case, which is the most important at

the moment, but later on we could move another motion to clear up any other thing. If the task is too great to make a list embracing the whole situation, the whole of Canada, I would be willing to restrict the motion.

Mr. SMITH: It surely could not be much trouble.

By Mr. Lalonde:

Q. I do not know. Let us hear what the trouble is?—A. If I may go on?

The CHAIRMAN: Would you be good enough to let the witness proceed and finish his statement.

The WITNESS: There is a difference to be drawn here between our R.C.A.F. terminology, reduction to produce, and what the members are asking for, mutilation and destruction. Reduction to produce might mean, to one outside the service, a physical reduction, but in the service that does not necessarily apply. A great deal of our material is reduced to produce and nothing happens except that it is taken out of one bin and put on a scrap pile.

Now, how much of the equipment was reduced to produce and actually mutilated as compared to how much was reduced to produce and left in its whole state is something which is impossible to establish. The best we could do would be to make a statement of what was put on the produce heap as being of no further value. But that equipment, when it was acquired by War Assets Corporation, would still be in its whole state on the produce heap and would still have its final potentialities in the R.C.A.F. It would be saleable just as much as if it had never left the repair bin. So the picture we would get could not be entirely accurate. It would be to the best of our ability but there would be a lot of estimates that would have to be made just because of the inherent nature of our system.

I want to reiterate again that as far as the R.C.A.F. is concerned we are here to provide information if it is absolutely essential, but I feel that if the members have any particular items in which they are interested, or if they would bring forward those items we would then do an absolutely complete job on those items to the best of our ability.

By Mr. Smith:

Q. May I ask the Group Captain—this expression “reduced to produce” is a new one to me—does it mean that it is put on a scrap heap?—A. That is what it means, Mr. Chairman.

Q. I am not concerned very greatly with respect to mutilation. They just said it is scrap, and there it is. It is there, out of doors on a scrap heap and so on. Therefore, the minute that is done, surely it will come out of your stock book, perhaps I should say, your vocabulary. But it would come out of what one would call a stock book, and disappear. You would not carry it as an item in your stock, would you? Surely this number could be easily found, just in that way?—A. I may have misconstrued the whole intention of the question, but I understood what was required was: what was physically mutilated and physically reduced. Now, if what is required is a statement of what was put on a scrap heap, that is a simpler matter. But again it is a job that would have to be done unit by unit and it would require just a certain amount of work. Unit stocks or records are bundled up and put away at certain units, and so on.

Q. Do you mean to say that you have not got at the head office a stock book in Ottawa, covering all the merchandise and materials that you own?—A. We, in the maintenance command have records of the stock holdings at equipment depots, our main bulk stock holding units, but we do not have a record of the material which was in use or circulating among the units. Those are only available at the units themselves; and, as I mentioned, some of them are closed and their vouchers and books are bundled up. It would require a

searching out and interpretation of them now. As a peace-time proposition, the committee should not understand that that is necessarily going to apply—I am speaking now in my capacity as the Supply Staff Officer of R.C.A.F. Maintenance Command—it is conceivable that we would have a record of the holdings throughout the country in our many units.

By Mr. Shaw:

Q. May I ask a question with respect to this rendering to produce. We have a physical rendering of certain produce to scrap. Now we are told that on the same pile we have commodities which were rendered to produce. Could you tell me why some items such as radio equipment were actually physically rendered to scrap? Why didn't you just toss them out on to the pile? Can you give us an indication of your policy with respect to that?—A. I would answer your question by referring to my answer made at the previous meeting to Mr. Shaw's question regarding our activities when we acted as agents of War Assets Corporation.

Mr. GOLDING: Just before the witness goes on to that, I find it difficult to follow just what is being asked for now. I think everybody can appreciate the fact that in an organization such as yours, and in all organizations, there would be scrap. Many, many parts would become obsolete and they would have to be put on a scrap pile or sold for salvage? Isn't that correct? Many parts of machines become obsolete and have to be scrapped. What I had in mind was not what would we put on that scrap pile to be sold for salvage, but what was completely destroyed. There are rumours that much of it was covered over by bulldozers and so forth. The matter of a stock pile to be sold for salvage is not what I had in mind.

Mr. STEWART: I think we should know the quantities and the unit costs of this material reduced to produce in Calgary and Penhold.

The CHAIRMAN: That is probably what Mr. Smith had in mind, as I understand it. It struck me that what was wanted was to find out what quantities were destroyed at Penhold along with No. 10 R.D. It was not a question of a pile or anything else, but what was the total of destruction.

Mr. SMITH: It began that way, Mr. Chairman, but I thought the committee this morning were almost unanimously of the opinion that we should have an over-all picture. I know that I did get nodding support around the table, in any event.

Mr. McILRAITH: I would like to point out to the committee that Mr. Shaw and Mr. Smith first raised the question about the disposal of equipment that might or might not be of real value. Now we have got to a question using the general term scrap that was turned over that could be sold as specific articles or maybe sold as scrap. I understand that Mr. Smith's last two or three questions got us away from material that was supposed to have been destroyed or alleged to have been destroyed and that was the point you were pursuing until the last two or three minutes. Then we got on to the question of scrap sale, which is a tremendous thing. Now, scrap as declared by any department may not be sold as scrap until it is again screened. It may be sold as specific articles.

Mr. SMITH: Only because the witness conveyed the idea of great difficulty in finding out what had been physically destroyed; that is why I suggested they must have a stock book which would show whether articles ceased to be stock and had gone to scrap. I would still like to know what had been physically destroyed. I gathered from the witness that they had no such list. Then I suggested the subtraction problem which might help them to find out; and in an effort to be helpful, to find out the total amount, because I thought that would be merely a matter of looking at some book. I thought if we got that, we could proceed from here to there.

Mr. McILRAITH: That is a wholly different thing from what we have been discussing practically all the morning.

Mr. SHAW: I should like to differentiate between ordinary scrap which accrues as the result of something wearing out or as the result of a bulldozer passing over something and smashing a plate.

Mr. SMITH: I thought if we could not get that, I would be content to—

Mr. GOLDING: In the operation of all machines you will have parts wearing out.

Mr. SMITH: You even have old books in a law office, don't you?

Mr. LALONDE: Even the lawyers themselves wear out.

Mr. GOLDING: What I had in mind was the amount completely destroyed and the reasons for it; but goodness, if you go into that other thing—

Mr. BENIDICKSON: Even in respect to those types of things that were physically destroyed, I think we would have time if we investigated the particular items to which there has been some reference. I feel that because so many people served in the air force and got discharged from the air force and have circulated among the public, that should those people feel there is something that they do not like, it is most probable that the public would hear all about it just as at Red Deer. Therefore, I feel that most of the things that might have something wrong with them are things that we have already had referred to us. So, I think if we dealt with only those things which have excited some curiosity to date, we would be making more progress than if we had a blanket search. So, let us see if there is a stock list on gas tanks and let us look through it to see how much disappeared off the list and for what reason. Let us see how much was declared scrap and so on; and similarly in the case of batteries and radios at Penhold. Watches, too, I think have had some reference made to them. There is no limit to the number of things we could look at; but I think we would gain time, as I have said.

Mr. BLACK: It seems to me incomprehensible that a valuable list of stock and of parts that would be destroyed and turned into scrap—that a list of those articles would not be kept, showing what was destroyed or turned into scrap. If the department or the witness is unable to procure that for us, we will have to take all we can; but I think it would reflect on the department if we do not get it. It is my suggestion that we wait until the witness brings in such evidence or information as he can give us.

Mr. LALONDE: I move a motion to report progress.

Mr. WINKLER: Mr. Lalonde's motion is before the committee, and while Mr. Benidickson did not amend it, he did make a suggestion that most of us would like to have carried out; so, if Mr. Benidickson would move his suggestion in the form of a motion I think it would be very helpful.

The CHAIRMAN: How would you phrase it, Mr. Benidickson?

Mr. BENIDICKSON: That we get a report of what destruction took place in regard to tanks, batteries, radar equipment and watches.

Mr. MARQUIS: Later on we could get a complete list of all the articles destroyed. If you get only a partial list now, you will have to start all over again; a series of questions will be put and we will never get way from it. What we want to know is: what has been physically destroyed. Later on we could deal with the scrap proposition, but I think we should confine ourselves to what has been physically destroyed. I suggest that we have a complete list, particularly with respect to Calgary and in respect to the articles to which Mr. Benidickson has referred. If we could get a complete list, I think that would be the best way to handle the problem.

Mr. BENEDICKSON: The only reason I suggested that we deal with these specific items was because I understood from the witness that the records would not distinguish between reduction to produce and physical reduction.

Mr. SMITH: Is it possible to prepare for us a list of things which have been physically destroyed either through your records or through War Assets, or through any other record.

The WITNESS: It is not possible to produce such a list, at least, an accurate list.

By Mr. Smith:

Q. But could you give us an approximate list?—A. Mr. Chairman, as I attempted to explain before, other than the personal knowledge that individuals might have on the spot as to what extent reduction to produce was physical mutilation, and to what extent the equipment was merely being placed upon the scrap heap, then those records are all we have to work on now, and I can say that it is not possible to produce an approximate—in the sense of realism—an approximate figure of the equipment which was destroyed by the R.C.A.F.

By Mr. Marquis:

Q. Can the witness give us the total value of what has been destroyed?—A. No, I cannot, because I cannot give you the list of what has been destroyed; therefore I cannot know the value of it.

Mr. MCGREGOR: There must be something strange about this. We know that every department in this country has its stock showing everything they have had. There is not a department in this country that has not got a stock book or stock list. Surely they had their stock list to start with. Now, just where is that stock list? Why cannot they produce it? And if they can produce it, then what is on the stock list at the present time, subtracted from what was on it at an earlier period must have been scrapped or disposed of in some way or other. I think it is up to the witness to present this committee with some intelligent list.

By Mr. Murphy:

Q. Just a simple question in view of what the witness said a moment ago: I think the committee is entitled to know, if the witness cannot furnish that list, why he cannot furnish it?—A. Beyond saying what I have already said, Mr. Chairman, I am afraid I have nothing to add. The accounting regulations of the R.C.A.F. require that equipment,—when instructions are received to produce it, be reduced to produce. Now, just what proportion was physically mutilated and what proportion was put in its whole state on the scrap heap, no one knows.

By Mr. Smith:

Q. Someone must have given orders to physically destroy it. That is obvious, is it not?—A. I would answer that by referring to my previous statement in reply to Mr. Shaw's question at the last meeting, that, as at February of 1945, this list which was referred to constantly was received by the R.C.A.F. from War Assets and all items other than those on there were subject to physical mutilation if they were surplus and not required. But as at March 1945 that was withdrawn for all equipment except airborne technical spares.

Mr. SHAW: May I ask the witness if, at a centre like Penhold, they would have kept a comprehensive list of equipment which was physically destroyed? Certainly at Penhold the responsible officers must have kept a complete and thorough list of all the articles which went—or were turned under the bulldozers in No. 6 hangar. Surely they must have a complete list. I can hardly conceive of it being otherwise.

By Mr. Stewart:

Q. How comprehensive was the list you gave to War Assets Corporation?—
A. We gave no list to War Assets, as I mentioned previously.

Q. How did they decide what was wanted?—A. In February 1945 they scrutinized our price vocabulary and gave us a list of the stuff in there that they were interested in; and the remainder was not of interest to them. Now, under that general authority, the items which Penhold applied—

Q. Could not we have that list of February 1945?—A. That is the list that I am to produce as the result of a question earlier in the meeting, a list of the general classifications of equipment that War Assets Corporation said, "We are not interested in this repairable equipment", and they instructed us were to be mutilated.

The CHAIRMAN: The witness stated that he would produce that list.

By Mr. Shaw:

Q. As it applied to Penhold?—A. As it applied generally throughout the R.C.A.F.

Q. Was a record kept of the actual number of articles which were physically destroyed at Penhold? It seems to me that the minister, I think it was, indicated as a consequence of Air Commodore Tackaberry's visit to Penhold that the destruction covered this number of dollars. Now, what did he base that on, if there was not a complete record of what was physically destroyed at Penhold? He said, it was this number of dollars instead of that number of dollars. Surely he based that on records because a lot of destruction had been alleged as carried on before he ever reached Penhold. Or did he just take someone's word for it? I am not asking for that list at Penhold to be produced just now, but I am asking if it can be produced?—A. Unless, under some local arrangement, a list was kept at Penhold; the R.C.A.F. regulations did not require a list to be kept at that unit of the equipment which was physically mutilated. The accounting regulations do require that an accurate record be kept of all equipment which was reduced to produce which embraces physical mutilation as well. Now, I will investigate and see whether any local lists were kept, not required by the regulations, but which might be available.

Mr. GOLDING: When this matter was discussed in the House last fall, the minister did, I think, give us some sort of statement in regard to what was destroyed there and the value of it. Who prepared that statement for the minister?

Mr. SHAW: He did not produce a complete list; he merely referred to certain types of commodities; and whether it was stated there or released to the press later on, he referred to the total value of destruction.

Mr. McILRAITH: Has this witness got that statement?

By Mr. McGregor:

Q. Did I understand the witness correctly, a few moments ago, when he said that War Assets Corporation came in and took a look over this stock and told them what stuff was wanted and what they did not want. Did I understand that right?—A. They did not look at the physical items; they looked at the price vocabulary which is our publication dealing with our type of equipment held in the R.C.A.F.

Q. And they said: this is stuff we can, and this is stuff we cannot use?—
A. That is correct.

Q. Then I understand it was the duty of War Assets to take over everything that any department of the government did not require? It was their duty to take it over and dispose of it? That has been my understanding of War Assets. Now, if that is not right, it is a different set-up altogether from what

we expected it was. And the other departments that have been in here have said they were asked for their inventories and cost price and everything that was turned over to War Assets. Now, they did not do that with the air force?—A. At the present time that is done by War Assets exclusively. But at the time referred to, we were acting as agents for them under a general authority that we received from them.

Q. All right; when War Assets said: here are certain goods that we do not want, what did you do with those goods?—A. This is all in relation to repairable equipment, Mr. Chairman?

Q. I do not know; you made a statement that War Assets came in and looked over your inventories?—A. The whole discussion this morning relates to surplus repairable equipment.

Q. You mean airplanes?—A. Anything at all that is repairable.

Q. Such as bulldozers or anything used to build airports?—A. Anything that is repairable.

Q. What about stock parts for repairs? Repair parts? What about them? What did you do with them?—A. The direction received from War Assets Corporation embraced the whole range of equipment received from the R.C.A.F., the whole range of repairable equipment, not serviceable stock held in our depots.

Q. One thing I would like to get clear in my mind: you said they came in and looked over a list and said: here are certain things we will take?—A. They said: here is a list of items that are repairable, surpluses; we are not interested in them and you are to declare them in their whole state.

Q. What did you do with planes?—A. We were instructed to mutilate them.

Q. Now, you have the list that you say War Assets looked at? There is a part of that which they took over and the rest of it was mutilated? You have the list, have you not?—A. That is correct.

Mr. McILRAITH: That is what he said earlier in his evidence.

Mr. MCGREGOR: I guess I may be a little stupid but it takes a long time to find out these things.

Mr. LALONDE: No, that is rather a complicated matter.

Mr. SMITH: I do not think we can get any further with that list.

The CHAIRMAN: We have two or three further answers I would like to put on the record, and we still have 18 minutes to go.

Mr. LALONDE: Do I understand that my motion is accepted?

The CHAIRMAN: In general principle.

Mr. SHAW: Are we going to complete our discussions with the R.C.A.F. before Mr. Berry of War Assets appears before us? There are certain lists which I desire to have prior to the time that Mr. Berry appears before us.

The CHAIRMAN: If you will allow the witness to proceed it is just possible that some of the answers you desire will be obtained.

Mr. SHAW: Unless we have that list from the R.C.A.F. we will continue beating about the bush when Mr. Berry appears.

The CHAIRMAN: You know that we definitely decided to have two witnesses. We were supposed to have Mr. Berry tomorrow, but the plans were changed at today's meeting, and Mr. Berry will appear before us next Tuesday. Group Captain Millard will also be here next Tuesday or some other representative from the R.C.A.F.

Mr. LALONDE: I understand that if we need Mr. Berry later he will be available to us?

The CHAIRMAN: Now, Group Captain Millard, will you go on with your next answer, please?

The WITNESS:

Aircraft

Various members requested a breakdown of the general headings shown on page 5 of the preliminary statement made by the Director of Equipment Supply. Dealing with these individually:—

- (a) *Aero Engines*—Mr. Reid asked for a breakdown of the disposal of engines and whether any of them were new. The answer to this question is contained in appendix "B". A word of explanation is necessary concerning the difference between the total value of the declared items which now stands as \$39,113,088 as compared to the figure of \$25,617,613 which is attributable to an error in these figures being logged under the miscellaneous heading since they were contained on miscellaneous declarations. Appropriate adjustment has now been made which is reflected in the total of the misc. heading. Column 6 of appendix "B" shows the engines which were comparatively new when declared to War Assets Corporation.
- (b) *Mechanical Transport, Marine and Heavy Aerodrome*—The answer is shown in columns 1, 2 and 3 of appendix "C" for the M.T. and aerodrome maintenance vehicles, appendix "D" for the marine craft and appendix "E" for the heavy aerodrome maintenance equipment.
- (c) *Link Trainers*—The number of Link Trainers declared was requested. The answer is service type 167, visual type C 20, elementary 27.
- (d) *Aerodrome and Engine Spares and Accessories*—A major breakdown of these was requested. This is shown on appendices "F" and "G".
- (e) *Radio Wireless and Aircraft Electrical*—There is a mass of detail contained in breaking down this equipment and I can merely state at this time that this covers aircraft transmitters and receivers of a variety of types and non-secret obsolete radar, as well as applicable spares behind these equipments. Details will be submitted as soon as available.
- (f) *Clothing*—It was specified that no detail was required on this item.
- (g) *Miscellaneous*—The breakdown of the miscellaneous is detailed on the consolidated statistics sheet.

By Mr. Benidickson:

Q. What is the definition of a running aero engine as compared with what were called an instruction engine?—A. A running aero engine is one which is useful in an aircraft but an instruction engine is one which although it might be all right to run on the ground, is not usable in an aircraft.

By Mr. Lalonde:

Q. How many hours does an engine usually run?—A. It will vary according to the technical data and according as increased efficiency is obtained. I believe the figure is in the neighbourhood of 900 hours, per engine.

Q. Then it has to be scrapped?—A. An engine is never scrapped as long as it is repairable. There is no total number of hours after which an engine is considered to have exhausted its useful life. There is no definite period.

Q. Would it last 7000 hours?—A. Very few of our engines would approximate that figure. An engine, once overhauled, is almost as good as when it was first built.

Q. Even better. That is a fact.

The CHAIRMAN: Pass on to the next question, please?

The WITNESS:

Mr. Benidickson requested a rough estimate of the value of surplus equipment still to be declared by the R.C.A.F. with the knowledge that we now have of our post-war requirements.

1. As indicated on pages one and two of the consolidated statistics which have been circulated among the members of the committee, a total of approximately \$240,174,000 remains to be declared. The breakdown of this equipment which is either in process at the moment or will be declared as soon as possible is shown in columns 4 and 5 of appendices A, B, C, D, E and column 3 of appendices F and G.

The CHAIRMAN: Will you proceed with the next answer, please?

Mr. MCGREGOR: I would like to suggest that when we receive a statement of any kind that there be some date on it. How are we to know when we get this, or anything else about it? Surely there is not much trouble involved in putting a date on it?

Mr. GOLDING: You can write it on yourself, Bob.

The WITNESS: I should have done that to all these figures, really, on May 1st, at the time when all these original figures were prepared.

The CHAIRMAN: Your next answer, please?

The WITNESS:

Mr. Benidickson asked how many of the total declarations submitted to date, 6018, and how many of the 2181 declarations completed to date were handled in the past three months and in the three months prior to that, and the value in each quarter year.

	No. of Declarations Submitted	Value of Declarations Submitted	Number of Declarations Completed by War Assets	Value of Declarations Completed by War Assets
Previous Nov 1945 ..	2,704	\$288,188,675	1,109	\$89,737,000
Nov/Dec/Jan/1946 ..	1,675	138,534,000	259	18,848,000
Feb/Mar/Apr/1946 ..	1,639	201,999,000	813	25,308,000
	6,018	\$628,721,675	2,181	\$133,893,000

Mr. McILRAITH: Just to clear up appendix "B", I understand there are a number of declarations completed by War Assets?

The WITNESS: That is correct, Mr. Chairman.

By Mr. Probe:

Q. War Assets would not have a partially completed declaration?—A. Yes, Mr. Chairman, they would have a partially completed declaration.

Mr. McILRAITH: I do not think the information is of any particular significance at all because, for instance, all the 800 declarations in February, March and April 1946 that are not completed, we do not know whether they are just about or fully disposed of, or in accord with this statement.

Mr. BENIDICKSON: Could the parliamentary secretary tell us if we examined an official of War Assets Corporation whether their figures would indicate the value of the declarations that they have completed, whether partially or otherwise?

Mr. McILRAITH: You could get your total sales, but if you are referring to cost price, you could not get that because a declaration may come in with a great many items with their cost price figures on it, but they are broken down and sold separately and there is no way of relating them to a particular declaration.

Mr. MCGREGOR: Is this the cost price?

Mr. MCILRAITH: Yes.

Mr. MCGREGOR: Well, it says "value". Why do they use the word "value"?

Mr. MCILRAITH: I do not know. I have been asking about that for months. I think it is a wrong use of the word "value".

Mr. MCGREGOR: Probably the witness could tell us why?

The WITNESS: I noted an observation at the last meeting; and we will prepare our answers accordingly.

Mr. BENIDICKSON: It was explained to me by the R.C.A.F. in accordance with the policy laid down that full answers to this question of mine would involve a great deal of time and research by the R.C.A.F. In view of that, I, have not insisted upon a date, but I would point out to the committee that I would consider the question to be a fundamental one and that, as a result of getting an answer to those questions I think the committee would be able to see very quickly the speed at which the defence department was declaring its material surplus, and also see whether or not War Assets Corporation were, with equal speed, taking over that equipment. You will see that, in view of the fact that partially completed declarations by the air force are not included in this statement. That was my intention in asking for this material.

The CHAIRMAN: I understand that was your purpose, Mr. Benidickson. Well, shall we proceed with the next statement?

The WITNESS:

Mr. Stewart asked for a statement of the number of storage batteries declared surplus to War Assets, if they were damaged and if so, in what way they were damaged, and what was the cost of these storage batteries.

1. The following surplus serviceable batteries were declared.

390 M. T. which cost \$ 3,855 42

6448 aircraft type which cost 72,145 00

1457 dry batteries which cost 350 00

(All of these were in serviceable condition)

2260 outdated dry batteries which cost \$750 00

(These, although outdated and not satisfactory for R.C.A.F. use, were apparently serviceable).

2. As well as these, indefinite quantities of batteries which had been damaged beyond economical repair through a variety of reasons, e.g. fear wear and tear damage in transit, aircraft crashes, etc., as explained in the statement made of the policy governing disposal of surplus equipment, these were treated as produce."

The CHAIRMAN: Are there any questions arising out of that answer?

Mr. STEWART: Yes. In connection with that answer, I would like to quote from an article in the Winnipeg Free Press:—

Although the War Assets Corporation continues to deny that valuable equipment is being destroyed, brief investigations in any large city will yield much evidence to the contrary. Not long ago I noticed several truckloads of new storage batteries being unloaded at the salvage yard of Solway and Sons in Toronto. Most of these batteries were still in their original packing cases and all of them carried a red R.C.A.F. "produce" card which means scrap. The batteries had been in storage at No. 1 Equipment Depot and apparently had been made into scrap by the

R.C.A.F. by the simple process of smashing in one of the filler caps with a hammer and then marking the red cap "broken cap." Since all of the approximately 1,000 batteries were smashed in the same end filler cap the processing for scrap was probably done by laying them in rows and going down each row with a hammer.

That is a very serious charge to make. It was printed in this newspaper and I want to chase this thing right to the very end to see if there was any mutilation as is indicated in this question. The answer certainly does not convey very much information at all.

The CHAIRMAN: You have a further question to ask?

Mr. STEWART: Is Dr. Boris Sherashevski correct in his charge that these batteries were deliberately mutilated?

Mr. LALONDE: Have we got the right to summon witnesses here from outside?

The CHAIRMAN: Oh yes.

Mr. LALONDE: Why don't we summon this man to come here and tell us the truth?

Mr. STEWART: I intend to do that.

The CHAIRMAN: Are you in a position to make a statement?

The WITNESS: No.

Mr. LALONDE: I want an answer to my question: have we the right to summon witnesses here?

The CHAIRMAN: Yes, our order of reference gives us that authority.

Mr. LALONDE: I move that this gentleman be summoned before the steering committee.

By Mr. Stewart:

Q. Can the witness give me any information as to the accuracy or otherwise of this statement?—A. I have no knowledge or otherwise about the accuracy of that statement.

Q. For instance, batteries are often damaged beyond economical repair through a variety of reasons, that may be an act of God or an act of man. I would like to know what that damage really means?

Mr. LALONDE: Has this Dr. Sherashevski any authority in the R.C.A.F.?

Mr. STEWART: Dr. Boris Sherashevski wrote a series of articles for the *Winnipeg Free Press* on the destruction of equipment. That is my authority.

Mr. LALONDE: He should be a very useful witness before this committee.

Mr. MCGREGOR: Don't you think if we could clear this up without bringing witnesses in, that should be done first?

The CHAIRMAN: The witness has stated that he is not prepared to make any statement concerning the accuracy of this statement.

Mr. BENIDICKSON: I think the witness could do so even if he may have no knowledge of it at the moment. After all, he is a representative of a big force. Somebody in the air force may know something about it and I think he should take it up with the air force and find out if they have any knowledge. If not, then the committee could take other steps.

Mr. McILRAITH: There is an answer to the question that Mr. Stewart asked in the House of Commons. I wonder if he has it?

Mr. STEWART: The answer is here, but it is another of those vague answers

Mr. McILRAITH: I am aware of his charge of vagueness about the answers given in the House of Commons. In any event I think it is rather specific. It gives a great deal of information about these storage batteries sold by the department to Solway & Sons, Toronto. I will read the question right through:—

SESSIONAL PAPER No. 171

MONDAY, APRIL 8, 1946

Mover:—Mr. Stewart, M.P. (Winnipeg North)

Question:—

1. Were storage batteries sold by any department of the government to Solway and Sons, Toronto?
2. At what prices were they sold to this firm?
3. What was the cost of these batteries to the government?
4. How many storage batteries were sold to Solway and Sons?
5. Were batteries sold to the above company damaged in any way?
6. If so, what was the nature of the damage?
7. How many of these batteries had been used before the sale?
8. Have any batteries been declared surplus by any department of government?

The attached information has been received by the Secretary of State of Canada from the Department of Reconstruction and Supply.

Department of Reconstruction and Supply

Answer:—

1. No, but damaged and worn out batteries were included in scrap sold to Solway and Sons, Toronto.
2. It is not possible to give the prices requested since the storage batteries referred to in Answer 1 above, were included in a quantity of produce scrap, which was declared surplus by the R.C.A.F. and included all types of material.
3. War Assets Corporation has no record of this cost.
4. October, 1945—314; January, 1946—73.
5. Yes.
6. All these batteries were broken or were used beyond economical repair.
7. War Assets Corporation has no record of this information.
8. Yes.

There is another question on the same subject, about the batteries that were damaged, but I do not think it to be relevant to the point now before the committee.

The CHAIRMAN: Shall we proceed with the next question and answer?

Mr. STEWART: The witness will try to get for us at the next meeting all the information he can with respect to the mutilation of these batteries?

The CHAIRMAN: I will be pleased to bring that statement that you made to the attention of the deputy minister as I have done in the case of the army. Mr. McIlraith tabled a reply to the question by Mr. Black.

Mr. STEWART: You will bring it to the attention of the deputy minister?

The CHAIRMAN: Yes, and no doubt he will give an answer, although I cannot definitely so state.

The CLERK: This is a letter addressed to the clerk of the war expenditures committee and reads as follows:—

OFFICE OF THE MINISTER OF RECONSTRUCTION AND SUPPLY

OTTAWA, CANADA

May 13, 1946.

R. ARSENAULT, Esq.,
Clerk of the War Expenditures Committee,
House of Commons,
Ottawa, Can.

DEAR MR. ARSENAULT:

I have for acknowledgment your letter of May 3, 1946, to which was attached a copy of Mr. Black's questions submitted to the chairman of the War Expenditures Committee.

Attached hereto you will find the answers to the five questions in so far as the dominion government is concerned.

Yours sincerely,

(Sgd.) GEORGE J. McILRAITH,
Parliamentary Assistant to the Minister.

INDUSTRIAL SHIPPING COMPANY LIMITED

MAHONE BAY, N.S.

Question

1. How many tugs, barges or scows have been made by this company for the dominion government for war purposes?
2. What was the cost of each?
3. Has the building of such tugs, barges or scows ceased? If so, on what date?
4. What deliveries of tugs, barges or scows, if any, have been made since V-E day? Give the specific date of delivery of each?
5. What tugs, barges or scows, built by this company have been handed over to War Assets Corporation? Give dates of such deliveries and what sales have been made of such tugs, barges or scows, by War Assets, to whom and at what prices have they been sold?

Answer

1. and 2.

No. and type of vessel	unit cost
1—75 ft. passenger craft.	\$65,001 12
5—46 ft. utility craft.	12,890 00

In addition to the above 10—65 ft. wooden harbour tugs at a unit cost of \$61,500.84 were contracted for to fill a Canadian Mutual Aid Board requisition to meet the demands of the United Kingdom government. On the cessation of Mutual Aid the Department of Munitions and Supply took over the contract in accordance with departmental procedure and on being advised that the United Kingdom did not require these ships, orders were issued to complete them and to turn them over to War Assets Corporation for disposal.

3. No. Completion is expected, however, by the end of May 1946.
4. 5—65 ft. wooden harbour tugs were delivered on April 26, 1946.
5. 1—46 ft. utility craft was handed over to War Assets Corporation on Sept. 21, 1945, and sold to Gus Winter Limited for \$3,555. Another 46 ft. utility craft was handed over to War Assets Corporation on October 15, 1945, and sold to Mr. Graham Mills for \$2,500.

5—65 ft. wooden harbour tugs were handed over to War Assets Corporation on April 26, 1946. These, and the other five tugs to be delivered to War Assets Corporation late in May, have been sold for \$20,000 each as follows:—

purchaser	number purchased
Minas Shipping Co. Ltd.	1
C. S. Boone Dredging Co. Ltd.	1
L. G. Bishop	1
J. J. Jodrey	1
Marine Industries Ltd.	3
Irving Oil Co. Ltd.	3

The CHAIRMAN: Gentlemen, the meeting stands adjourned until tomorrow. The witness will continue with his replies.

Mr. MCGREGOR: Was any decision made as to whether we should have the War Assets Corporation people here?

The CHAIRMAN: Yes.

The committee adjourned at 1.00 p.m. to meet again tomorrow, Friday, May 17 at 11 o'clock a.m.

Gov. Doc
Canada, War
Expenditures ... 1946
(SESSION 1946
HOUSE OF COMMONS)

CA1 XC2
-46W12 (SPECIAL COMMITTEE

ON

WAR EXPENDITURES AND ECONOMIES)

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 12

FRIDAY, MAY 17, 1946

WITNESSES:

Mr. H. F. Gordon, Deputy Minister of National Defence (Air);
Group Captain Victor S. J. Millard, Supply Staff Officer, R.C.A.F.
Maintenance Command Headquarters, Uplands, Ont.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1946

MINUTES OF PROCEEDINGS

FRIDAY, May 17, 1946.

The Special Committee on War Expenditures and Economies met at 11.00 a.m., the Chairman, Mr. Isnor, presiding.

Members present: Messrs. Benidickson, Black (*Cumberland*), Bradette, Golding, Isnor, Jackman, Marier, McCullough (*Assiniboia*), McGregor, McIlraith, Probe, Shaw, Stewart (*Winnipeg N.*), Winkler.

In attendance: Mr. H. F. Gordon, Deputy Minister of National Defence (Air); Group Captain Victor S. J. Millard, Supply Staff Officer, R.C.A.F. Maintenance Command Headquarters, Uplands, Ont.; Lt. Col. W. M. Thomson, Assistant Director of Ordnance Services (Provision), Branch of the M.G.O.; Mr. H. R. Low and Mr. J. S. Irvin, Assistants to the President, War Assets Corporation.

Group Captain Millard was recalled. He filed answers to questions asked during previous sittings and was questioned.

Witness retired.

Mr. Gordon, Deputy Minister of National Defence for Air, who had been in attendance during the last two sittings, accepted the Committee's invitation to make a statement and was questioned.

At 12.45 p.m., the Committee adjourned to reassemble in Montreal on Monday, May 20, and to resume its regular sittings on Tuesday, May, 21, at 11.00 a.m.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

May 17, 1946.

The Special Committee on War Expenditures and Economies met this day at 11.00 o'clock a.m. The Chairman, Mr. Gordon B. Isnor, presided.

The CHAIRMAN: Gentlemen, we have the required number for a quorum, will you please come to order. Yesterday when we adjourned the witness was about to give an answer to questions raised by Mr. Probe and Mr. Reid. Shall we now ask the witness to proceed with those answers?

G/C. Victor S. J. Millard, recalled.

The WITNESS: Mr. Chairman, Mr. Probe asked for a statement as to what equipment had been returned from overseas. The answer to that is contained in appendix D, which is being circulated. It reads as follows:

EQUIPMENT RETURNED FROM OVERSEAS

Lancaster X Aircraft

Merlin 38 and 224 Engines

Subsequent to V-E Day, 201 Lancaster X aircraft and 139 spare Packard Merlin type "38" and type "224" engines were returned to Canada from the United Kingdom for training of the Canadian complement of "Tiger Force". The spare engines and 41 of the aircraft returned were not the property of the Canadian Government at the time of movement to Canada.

The squadron unit equipment and a 2 weeks supply of maintenance spares was returned to Canada by air with the aircraft, followed by a further one month's supply of maintenance spares and squadron synthetic equipment by sea.

Dakota Aircraft

Forty-five Dakota aircraft have been returned to Canada to date leaving a total of 28 in the United Kingdom which will be returned at a later date when the RCAF transport commitment on the Continent has disappeared.

A negligible amount of maintenance spares is being returned to Canada with the aircraft.

Mr. PROBE: Mr. Chairman, the equipment that was returned to Canada in the case of the air force apparently was not as extensive as was the case with the army, and I presume that the cost involved was comparatively less. It says here that the spare engines and forty-one of the aircraft returned were not the property of the Canadian government at the time of the movement to Canada; have they since been acquired by the Canadian government, Mr. Chairman?

The WITNESS: Mr. Chairman, I have a note on that point which I will read:

Subsequently to V-J day an agreement was reached between the Department of Finance and Air Ministry in regard the 41 aircraft and 139 spare engines as U.K. contribution in kind to be credited against the U.K. liability for RAF and RN training in Canada subsequent to April 1, 1945.

Mr. PROBE: And, are they new aircraft?

The WITNESS: No, Mr. Chairman, they are not new. Some of them have had considerable time in the air, to the best of my knowledge and information all of them have had considerably more than one hundred hours which was the criterion used to describe a new aircraft.

Mr. PROBE: You are bringing them back because we require them first; and, second, because you think it is good business to bring those aircraft back from overseas rather than to dismantle them there as has been done with so many other aircraft?

The WITNESS: That is correct, Mr Chairman; we have a full requirement for every Dakota aircraft being brought back.

The CHAIRMAN: Are there any other questions?

Mr. PROBE: That is all.

Mr. BLACK: What is the price of these Dakota machines? We made a very, very thorough inquiry into all aeroplane construction in Canada owned by the R.C.A.F. I do not know any of them named Dakotas.

The CHAIRMAN: What do you mean by "we"?

Mr. BLACK: I mean the War Expenditures Committee (sub-committee 1) in previous years.

The WITNESS: Mr. Chairman, the Dakota aircraft is a machine built by the Douglas Corporation of California. It is designated in the United States service as a C-47. It is a twin engine transport aircraft. Its civilian counterpart is the DC3 seen on all the American lines and the T.C.A. has recently acquired a similar type of machine which they are running between here and New York.

By Mr. Black:

Q. Do the R.C.A.F. purchase them outright from the United States manufacturers?—A. Mr. Chairman, title to all these aircraft was acquired by the Canadian government under a financial agreement with the United Kingdom government. The aircraft were supplied to the United Kingdom government from the U.S.A. and were acquired by the Canadian squadrons under the financial agreements existing at the time between the Canadian and British governments.

Q. I think we should have a statement of the number acquired and their cost; for what purpose they were required, etc. It is a new type of airplane to me.—A. Well, Mr. Chairman, may I make it clear that beside the Dakotas being returned from overseas there are some in the possession of the Canadian government and used in Canada throughout the war. We will be glad to get you the information requested.

Mr. COTE: Is it not a fact that they were going to make Douglas aircraft in a plant at Montreal?

The WITNESS: No, Mr. Chairman, that machine—I do not know what was in the minds of the company, but the machine they have under contract down there is what is commonly called the C-54 aircraft, which is under construction at the present time both for us and for the T.C.A.

Mr. BENEDICKSON: That is the Canadian plant?

The WITNESS: That is correct.

By Mr. Probe:

Q. Have any of these Dakotas been declared surplus to War Assets?—A. Of the ones returned from overseas, Mr. Chairman, none have been declared surplus.

Mr. PROBE: No, no; any Dakotas which you have had.

The WITNESS: There were lend lease Dakotas in this country which were acquired by T.C.A. At the time there was no machinery for War Assets to action those; and I understand (this is merely my understanding of it), that the negotiations were conducted directly with the United States government on the acquisition of these aircraft by T.C.A. They were not declared by us to War Assets.

Mr. PROBE: Have any of these Dakotas been destroyed, scrapped? They are a very valuable freight aircraft, I think they are the best aren't they, from the point of view of transport.

The WITNESS: I believe it is generally considered as one of the most flexible type of machines we have. The only aircraft of the Dakota type which have ever been scrapped are those coming into the category of a class A crash—that means they were completely smashed up, the crack-up usually being accompanied by a fatality.

Mr. SHAW: Are spares for these aircraft readily available? I notice that you brought back a negligible amount of spares. Are these spares easily secured here?

The WITNESS: Mr. Chairman, we would have brought back more spares from the United Kingdom if we could have got hold of them. I would not say that at the present time they are readily available. We are using every channel possible to get spare parts as and when we require them. We are not stocking up on any long term proposition.

By Mr. Black:

Q. What is the purpose of these 45 Dakotas brought back from overseas, for what are they being used?—A. They are to meet the requirements of the transport squadrons and training organizations as laid down by air staff for the post-war plans.

Q. What did the Canadian government pay for each of these Dakotas?—A. Mr. Chairman, I shall have to get that figure for you. I am not aware of it.

Mr. BLACK: I would like to know the dates, when they were purchased, their cost and the cost of spares. This is all new to me. I never heard of it before although we were supposed to have made a thorough investigation into all aeroplane manufacturing in Canada, and to have known the cost.

Mr. GOLDING: Yes, Mr. Chairman; but these planes were not manufactured in Canada; and, as the witness has pointed out, they were purchased from the United Kingdom, not made in Canada.

Mr. BLACK: Well, they were acquired by the Canadian service for Canadian purposes.

Mr. GOLDING: Yes.

Mr. BLACK: And I presume that Canadian funds were utilized in the purchases. I think we should have that information.

Mr. GOLDING: But I just wanted to point out to Mr. Black, Mr. Chairman, that in our visits to the different plants we would not have come in contact with these Dakotas.

Mr. BLACK: We were supposed to make enquiries into the cost of planes used by the R.C.A.F. or acquired by or used by them; either made outright or made in part—of course, no aeroplane was made entirely within Canada because no engines were made in Canada.

Mr. GOLDING: That is right.

Mr. PROBE: I presume of course that the air staff has very carefully scrutinized the necessity for bringing back any aircraft from overseas. I know the Dakota. It is about the only machine I know reasonably well, and it is a valuable freighter. That is the way we used them overseas. That is the only use I knew of them, to carry personnel. And I judge that the air staff brought them back, or ordered them returned because they have no comparable craft for that particular job in Canada; they were not bringing them back and deciding a few weeks later to declare them surplus and in that way give an opening for commercial companies who might want to acquire aeroplanes of that type; rather, they were bringing them back for the exclusive benefit of the service.

The WITNESS: Mr. Chairman, I can assure you that every one of these returns was exhaustively reviewed before it was ordered. There is decidedly no intention of declaring any of this equipment surplus. It is definitely required for our program as it now stands.

Mr. PROBE: Have you any other aircraft of that type, that could be used for a similar purpose?

The WITNESS: Yes, Mr. Chairman; we have the Lockheed Lodestar, we have a limited number of them.

Mr. PROBE: Have any of these been declared surplus, or dismantled in a semi-serviceable condition?

The WITNESS: No, Mr. Chairman, no Lockheed Lodestars have been declared surplus.

The CHAIRMAN: Gentlemen, before we proceed further; Mr. Black, I would like to get your question clear, what is it you wish to know?

Mr. BLACK: I would like a complete statement of the purchase of the Dakotas; when they were acquired and their cost; what they cost delivered in this country; for what purpose they are to be used; and whether they are considered to be a permanent necessity for the operation of the peace-time R.C.A.F. I would like a general statement with respect to the Dakotas, because it is an entirely new matter as far as I am concerned.

The CHAIRMAN: The last part of your question has already been answered. The first three items were, the date of acquisition, the cost, and the cost of bringing them over here, as I understand it.

Mr. PROBE: Perhaps the witness might answer now as to whether they acquired them after V-E day.

The WITNESS: These aircraft were all used on active service in Europe, and except for normal wastage, in the squadrons overseas they all have been in the squadrons since before V-E day. Any crashes subsequent to V-E day would have been replaced to keep the squadron up to strength.

Mr. MCGREGOR: I just want to say again—

The CHAIRMAN: Would you mind waiting until we are through with Mr. Black, please?

Mr. MCGREGOR: I thought he was through.

The CHAIRMAN: Are you through, Mr. Black?

Mr. BLACK: I just want a complete statement with respect to them. I would like to have adequate information. I have no criticism to make about it, but I would like to have the information.

The CHAIRMAN: Thank you. All right, Mr. McGregor.

Mr. MCGREGOR: Following up what Mr. Black has said, it just goes along the same old story to show you, when a witness is called here somebody asks a

question. That question was asked yesterday about these planes. These planes were purchased in England and brought over here to Canada. And now, is it not only natural when someone on this committee wants to know how much these planes cost in England and why they were brought over here, and just why it was necessary to buy planes in England and bring them over here would it not be only natural to think that a witness ought to come here prepared to provide this committee with the purchase price at least of these planes. I asked him about what was paid for these planes but I haven't got that, the witness simply says I haven't got that with me but I can get it for you. That has been the old story all the way through. It is just a question of delay, delay, delay. We come here to waste our time and get nothing. And that is exactly what is being followed out here to-day.

The CHAIRMAN: Well now, Mr. McGregor, it is the same old record you are playing. It is the one you have been using—

Mr. MCGREGOR: Sure, that is just another example of it.

The CHAIRMAN:—at other meetings. Mr. Probe asked a question and apparently Mr. Probe is satisfied with his reply.

Mr. MCGREGOR: Well, I am not.

The CHAIRMAN: Then, ask your question.

Mr. MCGREGOR: That is what we hear all the time; we ask a question and you don't give the answer to us; that goes on week in and week out.

The CHAIRMAN: I won't give it to you at all, the witness gives it.

Mr. MCGREGOR: No, I know you won't, and you won't let any one else, if you can help it.

The CHAIRMAN: The witnesses who are here from the air force will give you all the information that is available.

Mr. MCGREGOR: I suppose the witness could give that information to me right now; but, does he produce it? He produces nothing.

The CHAIRMAN: Let us get down to business.

The WITNESS: I definitely do not have the figures with me or I would have produced them.

Mr. GOLDING: I think the witness might repeat what he said about the business arrangement between the United Kingdom and the Canadian government.

Mr. MCGREGOR: His answer to that question was quite right, it is an arrangement, and it is a purchase, and no matter what the arrangement is, it is Canadian funds with which it is paid. It does not matter whether it is an offset account against something we owe England as against something they got from us. It is a purchase by Canada and Canada is paying the bill.

Mr. GOLDING: Mr. Chairman, that part of it is all right, and we should get this information; but it is hardly fair to charge the witness with trying to conceal something. It is quite evident that the witness would not know anything about what financial arrangement was made, and it does not help anybody to charge the witness with that. I do not think it is fair.

Mr. MCGREGOR: I did not say I was charging the witness. I am not charging the witness at all. I am saying that the witness is working under instructions to produce nothing.

Mr. MARIER: You have no right to say that. I object to that.

Mr. MCGREGOR: You can object to what you like.

Mr. MARIER: It is not fair to say that; a statement of that kind is out of order and should be struck from the record.

The CHAIRMAN: In fairness to the members of this committee I would ask Mr. McGregor to explain what he means when he says that the witness has been instructed to produce nothing. Who gave such instructions?

Mr. MCGREGOR: I would say, under the chairman's instructions.

The CHAIRMAN: I can only repeat what I said yesterday. I could use a word spelled with four letters—

Mr. MCGREGOR: So can I. I could use a lot of words spelled with a few letters. Don't you worry about that.

The CHAIRMAN: All right. But let me say this to Mr. McGregor, that he has no foundation in fact whatsoever for making such a statement—just keep your seat now, Mr. McGregor—particularly in view of the statement which I made yesterday, which I repeat; that I as chairman requested no witness to withhold any information—

Some HON. MEMBERS: Hear, hear.

The CHAIRMAN: —at this or any previous meeting, nor do I propose to do so at any future meeting. It is quite open so far as investigation is concerned. I hope you will remember that, and try to act the part of a gentleman while you are here.

Mr. MCGREGOR: All right. Then you instruct them to bring the evidence before the committee at the proper time.

The CHAIRMAN: Now, gentlemen, shall we pass on to the next answer?

Mr. BENEDICKSON: Before we leave this item, Mr. Chairman, I cannot recall the details of Mr. Black's question, but did it include the date of the acquisition of these aircraft?

Mr. BLACK: That is correct.

The WITNESS: Unfortunately, Mr. Chairman, the answer which I had ready for Boundary Bay was found to be inadequate on review and we are still awaiting for information so I will have to defer that until the information comes in from the unit. It was a question asked by Mr. Reid. And now, the next one was also a question asked by Mr. Reid, relating to the disposition of the number of highland uniforms. The answer to that is as follows:

Mr. Reid asked about the disposition of a number of highland uniforms, where are they, are they being kept for future use and if not why have not these tartans been declared surplus?

Answer: These uniforms are presently held at RCAF Station, Trenton, there they were despatched on the disbandment of the Pipe Band, whose members were discharged from the service. It is proposed to use these uniforms to equip a voluntary band at a later date when the post-war air force has become stabilized, and consequently, it is not intended to declare any of this publicly owned equipment surplus.

Mr. STEWART: Has the RCAF an adequate supply of moth balls?

The WITNESS: We do not use moth balls, we use another moth preventative.

The next question is also one which was asked by Mr. Reid. It is as follows:

Mr. Reid asked for an answer to the question, is it the policy of your department, your air force to refuse to answer questions to a representative of the people who, in good faith, asks them on behalf of the people, what is being done?

Answer: 1. The Royal Canadian Air Force has never refused to answer a question made by a member of parliament when such a question was received through the normal channels. However, it has been necessary for the RCAF to insist upon certain requirements being met by civilians generally who desire to visit RCAF properties.

2. Accordingly, administrative instructions were issued to commanding officers of all units. You can appreciate why this is necessary; aside from the aspect of security involved in any RCAF property, the commanding officer is personally responsible for the safe custody of a tremendous amount of equipment and it would not be fair to him to permit uncontrolled access to the buildings under his command. Further, the operations of an RCAF station cover a considerable scope and experience has shown that the commanding officer of that property is the only one with enough knowledge of the general situation to give a full and adequate reply to specific questions relating to the operation of that station. For these reasons, instructions existent at the present time and which have been in effect throughout the war are that civilians requiring entrance are to be admitted only on the presentation of an RCAF pass form properly signed by the issuing authority. Each of these passes is to be sealed over the signature both of the issuing authority and the bearer by the orderly room stamp. The issuing authority at a unit is the commanding officer of that unit.

3. In the particular case referred to by Mr. Reid, I am informed that the officer addressed was not the commanding officer, Group Captain J. H. Ferguson, Commanding Officer of No. 2 Equipment Depot and its satellites of which Boundary Bay is one, but a junior officer who was visiting there on temporary duty and who acted in accordance with the instructions that I have referred to earlier.

4. I am certain that any member of parliament who approaches the commanding officer of an RCAF station will have no difficulty whatever in obtaining full information regarding any matter that he may wish to investigate and that the full facilities at the disposal of the commanding officer will be made available to him.

Mr. JACKMAN: Can you tell us if the passes issued to members are still being used? Perhaps you are not familiar with them. We used to be given little red books, they were supposed to admit us generally to service and industrial units. Are they still being issued, do you know?

The WITNESS: I am not familiar with them, Mr. Chairman.

Mr. BRADETTE: Those books did not allow you to make enquiries. I believe it was a marvellous thing for the members to receive the courtesy that they did, especially from the RCAF. Even if we are members of parliament, after all we are just ordinary citizens, and to have the right to go into their establishments and ask questions was quite a privilege. As for myself, I did not particularly like the responsibility involved. After all we are just ordinary run of mine citizens.

Mr. PROBE: I don't believe your constituents think so.

Mr. BRADETTE: Oh, no, they think more than that of me sometimes.

The CHAIRMAN: Shall we pass on to the next reply.

Mr. MCGREGOR: Just before we get off that; what authority has a member of parliament to go into any of these air force plants at any time, is there an authority for that?

The WITNESS: Mr. Chairman, as I stated in the material I have just read, any member of parliament who goes to any air force station will have immediate access to the station and will have any questions answered that it is in the ability of the commanding officer to answer.

Mr. BENEDICKSON: That is not exactly what you said, is it? You said he would have the questions answered; I do not think you qualified it by saying, if it was within the competence of the commanding officer. Do I take that to mean that he would give the answer regardless of every condition involved? I think that is going very far, particularly in wartime.

The WITNESS: Well, Mr. Chairman, might I qualify that; naturally if the commanding officer is unaware of the subject matter of the question which is addressed to him he will have to get it somewhere else. What I meant to put across was that a member of parliament may ask any question he likes but if the commanding officer is not able to give the answer immediately he will get it for him as soon as he could.

Mr. BENEDICKSON: Regardless of the security involved?

The CHAIRMAN: The next question, gentlemen, is one asked by Mr. Black: a list of the properties declared surplus and turned over to Crown Assets, with the cost.

The WITNESS:

STATEMENT OF DISPOSAL OF R.C.A.F. LANDS AND BUILDINGS

1. Declared to Crown Assets Allocation Committee—See Table I	\$107,014,639 28
2. Transferred to Department of National Defence (Army)—See Table II.....	11,535,368 76
3. Transferred to Department of National Defence (Navy)—See Table II.....	2,777,332 38
4. Construction on leased property returned to owners—See Table II	2,762,276 08
5. Gander Airport	19,960,170 85
	<hr/>
	\$144,049,787 33

Values are original cost.

TABLE I

R.C.A.F. LANDS AND BUILDINGS DECLARED TO CROWN ASSETS ALLOCATION COMMITTEE

Values shown are original cost

A

Airdrie, Alta.—R. 1 Calgary.....	\$ 430,151 33
Alliston, Ont.—R. 1 Camp Borden.....	169,166 91
Armstrong, Ont.—Ferry Sqn. Det.....	155,111 50
Assiniboia, Sask.—204 R.E.M.S.....	1,233,023 14

B

Bella Bella, B.C.—R.C.A.F. Station.....	1,407,922 31
Bell Lake, N.S.—Radio Unit.....	122,011 78
Boharm, Sask.—R.1 Caron.....	53,070 68
Bowden, Alta.—4 A.H.U.	53,070 68
Botwood, Nfld.—Seaplane Base	2,736,827 15
Boundary Bay, B.C.—Temporary Building.....	78,000 00
Brada, Sask.—R.2 N. Battleford.....	157,256 75
Brandon, Man.—2 A.C.U.	1,967,102 96
Brantford, Ont.—Barrack Block 34	28,000 00
Brochet, P.Q.—Gas Cache.....	212 00
Blackfalds, Alta.—R.2 Penhold.....	184,665 69
Brora, Sask.—R.1 Regina	14,592 94
Burdick, Sask.—R.2 Moose Jaw.....	130,039 28
Burtch, Ont.—R.1 Hagersville	833,346 39
Buttress, Sask.—R.1 Moose Jaw.....	290,231 91

C

Calgary, Alta.—2 R.S.	855,649	02
Cap de la Madeleine, P.Q.—R.E.M.S.	773,924	53
Cap de la Madeleine, P.Q.—Pump House.	3,500	00
Caron, Sask.—203 R.E.M.S.	1,169,319	70
Cartwright, Lab.—Refuelling Base.	200	00
Cassidy, B.C.—Emerg. Landing Field.	764,718	36
Cayuga, Ont.—R.1 Hagersville.	444,023	92
Champion, Alta.—R.2 Claresholm.	147,330	18
Chandler, Sask.—R.2 Estevan.	132,851	07
Charlottetown, P.E.I.—2 A.N.S.	2,882,812	61
Chater, Man.—R.2 Brandon.	360,808	62
Chatham, N.B.—Hangars 1 and 2.	95,000	00
Chatham, N.B.—Dental Clinic.	4,000	00
Chatham, N.B.—Transformer Site.	160	00
Claresholm, Alta.—Recreation Hall No. 18.	6,150	00
Coal Harbour, B.C.—R.C.A.F. Station.	1,365,000	00
Cold Lake, Man.—Gas Cache.	105	00
Comox, B.C.—Barn M/F D/F Site.	800	00

D

Dafoe, Sask.—5 B.G.S.	2,244,105	63
Davidson, Sask.—2 R.E.M.S.	1,222,739	42
Davidson West, Sask.—R.1 Davidson.	60,673	39
Dawson Creek, B.C.—Ice House.	24,000	00
Debert, N.S.—R.C.A.F. Station.	4,334,437	47
Debert, N.S.—Colchester Inn.	23,407	19
DeWinton, Alta.—405 A.H.U.	1,199,260	31
Digby, N.S.—Refuelling Depot.	150,409	89
Douglas, Man.—R.1 Brandon.	137,907	01
Dufferin, Ont.—R.2 Hagersville.	211,345	71
Dunnville, Ont.—WD Qtrs. and Dental Clinic.	24,000	00
Dunnville, Ont.—Bldg. 22 Small Canteen.	10,440	00
Dunnville, Ont.—Transformer Station.	5,762	80

E

Eden, Man.—R.1 Neepawa.	25,034	31
Edenvale, Ont.—R.1 Camp Borden.	540,500	00
Edmonton, Alta.—Bldg. 67 W/T.	5,000	00
Edmonton, Alta.—Prefabricated Hut.	2,325	00
Edwards, Ont.—R.2 Uplands.	108,343	94
Elgin, Man.—R.2 Souris.	164,230	46
Ensign, Alta.—R.1 Vulcan.	548,773	42
Estevan, Sask.—204 A.H.U.	2,237,273	57
Estevan Island, B.C.—Weather Reporting Station for Bella Bella	2,666	43
Eupegetooke, Lab.—Refuelling Base.	1,737	00

F

Farnham, P.Q.—R.2 St. Hubert.	137,450	62
Fingal, Ont.—G.I.S. Bldg.	37,500	00
Fingal, Ont.—Bldgs. 40 and 42.	1,915	00
Fingal, Ont.—Bldgs. 23, 33, 54A, 54B.	43,000	00

G

Gananoque, Ont.—R.1 Kingston.	564,578	95
Gander, Nfld.—Telephone Circuit, St. John's and Botwood.	517,332	64
Gaspe, P.Q.—R.C.A.F. Station.	987,860	88
Gladys, Alta.—R.1 DeWinton.	19,696	31
Goderich South, Ont.—R.1 Goderich.	95,262	68
Goderich, Ont.—Transformer Station.	2,635	38
Granum, Alta.—R.1 Macleod.	445,919	35

H

Hagen, Sask.—R.1 Prince Albert.....	18,136 25
Halbrite, Sask.—R.1 Weyburn.....	447,512 91
Hamlin, Sask.—R.1 N, Battleford.....	425,768 22
Hartney, Man.—R.1 Souris.....	453,135 49
Hawkesbury, Ont.—R.1 St. Eugene.....	73,529 82
Hebron, Lab.—Refuelling Base.....	102 00
High River, Alta.—5 E.F.T.S.....	1,176,831 85
Holsom, Alta.—R.1 Medicine Hat.....	417,553 30
Hope, B.C.—Aerodrome	130,000 00
Hopedale, Lab.—Refueilling Base	3,272 00

I

Innisfail, Alta.—Granary Bldg.....	60 00
Innisfail, Alta.—R.1 Penhold.....	457,007 37
Inverlake, Alta.—R.2 Calgary.....	187,925 10

J

Jarvis, Ont.—R.E.M.S.	1,774,369 84
Jarvis, Ont.—Bldg. 49	4,600 00
Jarvis, Ont.—Drill Hall	46,000 00

K

Kamloops, B.C.—16 Staging Unit	\$ 837,930 48
Kamloops, B.C.—Power Line	12,800 00
Kingston, Ont.—14 S.F.T.S.	2,308,428 83

L

Langlie Prairie, B.C.—R.1 Abbotsford	\$ 3,993 61
Lenore, Man.—R.1 Virden	46,537 30
Lethbridge, Alta.—W/T Station	9,235 37
Lethbridge, Alta.—Bldg. 41	17,000 00
Lethbridge, Alta.—Bldgs. 42, 43, 46, 47, 48, 50, 51, 56G, 59.....	105,210 00
Lethbridge, Alta.—Bldgs., 3, 19, 20 & 56D	53,875 00
Lethburn, Sask.—R.1 Assiniboia	33,218 28
Limoges, Ont.—R.1 Pendleton	77,777 71
London, Ont.—Hangar No. 3	50,000 00

M

Mahone Bay, N.S.—VHF Fixer Station.....	\$ 10,835 95
Maitland, N.S.—1 A.G.T.S.	2,291,345 03
Walton, Ont.—A.I.D.	231,617 00
Masset, B.C.—Emergency Field	319,031 22
Meadowbrook, N.B.—W/T Station (Moncton)	15,713 00
Medicine Hat, Alta.—Bldgs. 5, 6, 7, 9, 10, 11, 15, 17, 30 & 32 ..	158,650 00
Medicine Hat, Alta.—Off. Qtrs. Bldg. 3	30,000 00
Moncton, N.B.—Bldgs. 2, 3, 4, 9, Hose Reel House, Guard House, etc.	405,969 96
Mont Joli, P.Q.—6 R.E.M.U.	4,239,654 76
Mont Joli, P.Q.—W/T Station	4,000 00
Mont Louis, P.Q.—1 Wireless Relay	136,930 67
Moose Jaw, Sask.—R.E.M.S.	1,708,164 43
Mossbank, Sask.—R.E.M.S.	2,238,550 17
Mount Hope, Ont.—Bldgs. A3, A4 & A37	141,063 60
Mount Hope, Ont.—Transformer Station	6,241 39
Mount Pleasant, P.E.I.—Bldg. 23 Canteen	13,200 00

N

Navan, Ont.—34 Radio Det.	\$ 53,136 00
Neepawa, Man.—Aerodrome	1,210,081 12
Netley Lake, Man.—R.1 Gimli	788,153 82
Netook, Alta.—R.1 Bowden	53,195 43
North Battleford, Sask.—13 S.F.T.S.	2,271,286 69
North Junction, Man.—R.1 Dauphin	265,360 57
North Sydney, N.S.—Cogan House	6,820 00
North Sydney, N.S.—R.C.A.F. Station	575,022 30

O

Oberon, Man.—R.2 Carberry	\$ 158,720	33
Oshawa, Ont.—20 E.F.T.S.	1,094,524	03
Osler, Sask.—R.2 4 S.F.T.S.	129,237	42
Outram, Sask.—R.1 Estevan	540,505	78

P

Patricia Bay, B.C.—Gray's Well.....	\$ 6,750	00
Patricia Bay, B.C.—Stewart's Well	16,666	00
Patricia Bay, B.C.—9 Cottages.....	3,500	00
Pearce, Alta.—W/T Station.....	2,337	54
Penhold, Alta.—2 T.S.U.....	2,442,572	00
Pennfield Ridge, N.S.—RCAF Station.....	3,705,000	00
Penticton, B.C.—Aerodrome.....	301,837	08
Petrel, Sask.—R.1 Estevan.....	422,887	81
Picton, Ont.—Transformer Station.....	755	50
Plymouth, N.S.—21 Radio Det.....	34,284	50
Pontiac, Que.—R.1 Amprior.....	8,782	62
Port Albert, Ont.—Drill Hall.....	85,000	00
Port Albert, Ont.—R.E.M.S.....	1,800,544	79
Port Hardy, B.C.—Contractors' Huts.....	10,000	00
Prince Albert, Sask.—W/T Station.....	4,989	00
Prince Albert, Sask.—6 E.F.T.S.....	875,813	90
Prince George, B.C.—Contractors' Huts.....	43,362	31
Prince Rupert, B.C.—Bulk Gas. Storage.....	703,420	99
Princeton, B.C.—Emergency Aerodrome.....	206,520	23

Q

Quesnel, B.C.—13 Staging Unit	254,368	10
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R

Ralph, Sask.—R.2 Weyburn.....	111,062	63
Regina, Sask.—Bldgs. 4, 13, 14, 15, 18.....	675,000	00
Rhein, Sask.—R.2 Yorkton.....	185,127	77
Rivers, Man.—1 C.N.S.....	2,768,580	52
Rivers, Man.—Power Line.....	5,322	22
Rivers, Man.—Transformers.....	13,000	00
Rose Harbour—Emergency Shelter.....	3,212	00

S

Salisbury, N.B.—R.2 Moncton.....	137,464	54
Sandhurst, Ont.—Piece of Land.....	17,600	00
Sandhurst, Ont.—R.2 Kingston.....	120,447	51
Sea Island, B.C.—Hut.....	1,100	00
Seven Islands, P.Q.—RCAF Station.....	1,691,000	00
Shelburne, N.S.—W/T Station.....	9,235	37
Sheperd, Alta.—R.1 Calgary.....	1,014,286	35
Smithers, B.C.—17 Staging Unit.....	1,751,918	14
Souris, Man.—17 S.F.T.S.....	2,136,836	08
Standoff, Alta.—R.2 MacLeod.....	125,335	16
Stanley, N.S.—2 A.S.U.....	823,132	75
Sumas, B.C.—Emergency Field.....	202,413	45
Swift Current, Sask.—Bldgs. 34 and 45.....	70,800	00
Swift Current, Sask.—Aerodrome and 2 bldgs.....	680,000	00
Sydney, N.S.—RCAF Station.....	4,103,450	25
Sydney, N.S.—Hutments.....	7,000	00
St. Aldwyn, Sask.—R.F. Swift Current.....	484,662	39
St. Honore, P.Q.—R.1 Saguenay.....	984,765	49
St. Joseph, Ont.—R.2 Centralia.....	213,819	62
St. Maurice, P.Q.—R.1 Cap de la Madeleine.....	97,993	16
Saint John, N.B.—502 A.H.U.....	260,213	32
Saint John, N.B.—W/T Bldg.....	8,037	90
St. John's, Nfld.—Adm. Bldg. Ft. William.....	145,683	14
St. John's, P.Q.—W/T Bldg.....	8,413	85
Stuie, B.C.—Huts.....	400	00

T

Terrace, B.C.—18 Staging Unit	\$3,214,796 48
Tillsonburg, Ont.—R.2 Hagersville	258,930 07
Toronto, Ont.—1 Equipment Depot	1,355,028 00
Tufts Cove, N.S.—8 C.M.U.	97,855 00
Torbay, Nfld.—V.H.F. Transmitter	18,531 12

U

Ucluelet, B.C.—R.C.A.F. Station	\$1,500,000 00
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V

Valley River, Man.—R.2 Dauphin	\$ 132,429 99
Vanderhoof, B.C.—14 Staging Unit	338,771 88
Vanscoy, Sask.—R.1 Saskatoon	318,877 09
Vancouver, B.C.—W/T Bldg.	6,200 00
Victoria, B.C.—Kildonan House	31,324 92
Virden, Man.—303 R.E.M.S.	819,842 66

W

Waterville, N.S.—R.1 Greenwood	\$ 189,884 93
Welland, Ont.—R.1 Dunnville	509,875 89
Wellington, P.E.I.—R.1 Summerside	123,851 25
Weyburn, Sask.—8 S.F.T.S.	1,599,338 52
Weyburn, Sask.—3 roomed house	688 00
Whitby, Ont.—R.1 Oshawa	48,680 00
Whitla, Alta.—R.2 Medicine Hat	146,276 74
Williams Lake—12 Staging Unit	16,785 31
Willoughby, Ont.—R.1 St. Catharines	98,968 77
Windsor, Ont.—7 E.F.T.S.	415,216 44
Windsor Mills, P.Q.—4 E.F.T.S.	631,867 50
Winnipeg, Man.—8 Repair Depot—Bldgs. 21, 23.	16,000 00
Winnipeg, Man.—8 R.D.—Bldgs. 2, 5, 8, 9, 12	43,242 00
Winnipeg, Man.—7 E.D.—1 bldg.	98,475 45
Winnipeg, Man.—4 bldgs. Release Centre	74,000 00
Woodcock, B.C.—15 Staging Unit	758,747 28
Woodhouse, Alta.—R.1 Claresholm	478,728 62
Wymark, Sask.—R.2 Swift Current	151,368 90

Y

Yarmouth, N.S.—Storage Tanks	\$ 20,872 00
Youbou, B.C.—Cowichan Telephone Line	1,039 42

R.C.A.F. LANDS AND BUILDINGS TRANSFERRED TO DEPARTMENT OF NATIONAL DEFENCE (ARMY)

Victoriaville—No. 3 I.T.S.	\$ 81,938 72
Saskatoon—No. 7 I.T.S.	439,023 98
Montreal—No. 1 Wireless School	522,799 22
Winnipeg—No. 3 Wireless School	599,141 85
Yarmouth Centre	536,754 08
Quebec—No. 3 Manning Depot	196,633 81
Regina—No. 14 X Depot	178,007 15
Kennas Hill (St. John's Nfld.)	1,057,722 76
Hagersville—16 S.F.T.S.	2,551,237 56
MacDonald, Man.—No. 3 B.G.S.	2,524,128 34
Pendleton, Ont.—No. 10 E.F.T.S.	1,236,754 86
Moncton, N.B.—No. 10 Release Centre	653,571 72
Winnipeg, Man.—No. 7 E.D.	957,654 71

\$11,535,368 76

R.C.A.F. LANDS AND BUILDINGS TRANSFERRED TO DEPARTMENT OF NATIONAL DEFENCE (NAVY)

Shelburne, N.S.—R.C.A.F. Station	\$ 883,618 45
Halifax, N.S.—No. 1 "Y" Depot	1,893,713 93
	<hr/> \$2,777,332 38

CONSTRUCTION ON LEASED PROPERTY RETURNED TO OWNERS

Victoriaville—No. 3 I.T.S.	\$ 117,793 31
Regina—No. 2 I.T.S.	222,535 23
Edmonton—No. 4 I.T.S.	156,365 66
Belleville—No. 5 I.T.S.	260,170 45
Toronto—No. 6 I.T.S.	357,388 61
Saskatoon—No. 7 I.T.S.	113,823 81
Guelph—No. 4 Wireless School	196,204 95
Toronto—No. 1 Manning Depot	1,033,055 31
Brandon—No. 2 Manning Depot	109,299 87
Quebec—No. 4 Manning Depot	190,633 81
	<hr/> \$2,762,276 06

I wish to correct a somewhat slightly incorrect statement that I made at the meeting when this question was addressed. I believe I stated that a figure of \$144,000,000 was taken up entirely with the declarations to Crown Assets and the transfers to the army and to the navy. I find, however, that is not strictly correct, and as you will note on the breakdown, on the face of the document, there is included also the cost of construction on leased property returned to owners. I am informed that the Gander airport settlement was made by direct arrangement between the two governments.

By Mr. McCullough:

Q. Regarding the Gander airport, what two governments do you refer to?

Mr. MARIER: Newfoundland, I think.

The WITNESS: The negotiations between the government of the United Kingdom acting on behalf of the government of Newfoundland, and the government of Canada.

By Mr. Shaw:

Q. Does this R.1 and R.2 refer to auxiliary fields in this table you have. I notice Petrel R.1?—A. That is a reserve landing field where the pilots practice forced landings.

Mr. JACKMAN: Table 2 on the last page: R.C.A.F. lands and buildings transferred to Department of National Defence, (Army). May I ask just how is that done? It does not go through War Assets?

Mr. PROBE: Crown Assets.

By Mr. Jackman:

Q. It is simply a transfer from one department to another under ministerial order?—A. That is correct. In answering this question I also answered a question asked by Mr. Benidickson at the last meeting, in which he asked:

Is one service department still able to transfer equipment to another service department without intervention or supervision of the Crown Assets Allocation Committees.

This relates to both buildings and equipment. In so far as buildings are concerned, the defence departments can and do transfer buildings between

themselves without Crown Assets Allocation being involved. But, as to equipment, that is not so. All transfers are handled through the Crown Assets Allocation Committee.

By Mr. Jackman:

Q. But on lands and buildings?—A. The two services deal directly with one another.

Q. You, of course, have no jurisdiction over the taking over of these assets by the army?—A. That is correct.

By Mr. Shaw:

Q. Is this statement complete up to May 1st? April 1st or May 1st?—

A. There were negotiations pending as of the 1st of May which are not recorded here. This represents negotiations completed.

Q. I was just wondering. I see under "B": Bowden, \$53,070.68. I assume that must be one of the reserve fields, yet I see no record of the Bowden airfield itself being turned over. I believe that is under the jurisdiction of War Assets now. I believe they have taken it over, and that they did so some time ago?—A. Mr. Chairman, that 4 AHU is an old designation of that unit which is now known as surplus equipment holding unit. Its number escapes me at the moment. It's holdings there have been turned over to Crown Assets.

Q. What I am concerned about is this price of \$53,070.68. That price cannot apply to the station itself because it would be a ridiculous figure. I daresay that the station cost more than \$1,000,000?—A. I will have to get that for you.

Mr. McCULLOUGH: I think it was mentioned the other day that these reports coming to us should be dated.

The CHAIRMAN: The witness says May 1st.

Mr. BENEDICKSON: On this one it states: values shown are original cost.

By Mr. Bradette:

Q. The last item on table 2: construction on leased property returned to owners; that means that as far as your responsibility was concerned about them, you washed your hands?—A. The figures under: construction on leased property returned to owners, refer to the original cost to the R.C.A.F. of the buildings that they constructed on the property that they leased from other parties and which they have since returned to those parties. A settlement was arranged for the construction which had gone on on the leased properties.

By Mr. Stewart:

Q. Can you give me some information: on the same table, table 2, concerning No. 2 Manning Depot at Brandon, it is the second last item?—A. I am afraid I will have to defer the question. Is there any explicit information that is wanted?

Q. I want to know exactly what this \$109,299.87 refers to?—A. That is the value of property which was constructed by the R.C.A.F. on the leased property which was returned to the owners.

Q. And the R.C.A.F. turned this leased property back to the owners?—A. That is correct.

Q. What did you get in return for this leased property?—A. We may have that here.

By Mr. Shaw:

Q. It may be, Mr. Chairman, that in connection with Bowden, there is an error in the figures put down because I see that the one just above it is exactly the same, even down to the 68 cents; so there evidently is an error in the printing?—A. I will have to get that breakdown for you, the details of that, the value that we got for the properties.

By Mr. Stewart:

Q. Could you get me a fairly full breakdown of that, please, showing from whom you got the property, and showing the negotiations between the air force and the person from whom you leased?—A. I will get that for you.

Mr. MCGREGOR: Why not get a breakdown of the ten items showing who owned these airports, who owned the land, and the money that was spent on them; what the returns were, and, in short, a report on the whole thing?

By Mr. Jackman:

Q. There is one item there for Toronto. I presume it concerns the exhibition manning depot. They converted the exhibition into a military barracks and training ground. Now, the City of Toronto wants that property to be used for exhibition purposes and they have undoubtedly spent a great deal of money to put that land into condition for such purpose, and it will also be costly to restore that land to the proper condition for its owners. I am more interested in—and perhaps Mr. McGregor would also like to know, as well as our friends from Winnipeg—who are the lessors? If the public bought it, the situation would take on a different aspect; but could the officer tell us who the lessors were in these cases? Were they public institutions or municipalities?—A. I am just reading some of the typical ones; University of Alberta; Ontario School for the Deaf; Toronto Normal School; Saskatchewan Normal School; Nazareth Institute in Montreal; the Normal School of Technology, Calgary; the Manitoba School for the Deaf; Ontario Agricultural College; the Canadian National Exhibition Grounds; Provincial Exhibition of Manitoba; the Women's Hospital Aid Society; King George School; Winter Fair Building; Brandon Technical School; the Massey-Harris Company.

Q. The Massey-Harris Company, where?—A. At Brandon.

Q. That is the one you spent \$109,000 on?—A. It is broken down. There are several different bodies involved there, so we could not give it.

Mr. GOLDING: On page 2.

Mr. MCGREGOR: Let us settle it one at a time.

The CHAIRMAN: I am in accord with you this time, Mr. McGregor. Let us carry these through. You have the floor. You were going to ask a question?

Mr. MARIER: No; you said, just go on with that question.

By Mr. McGregor:

Q. I understand that they would not have the statement there before them which shows any of these outside of the Massey-Harris; but all the rest of these pertain to public bodies, or are there any private individuals?—A. There is one here, the Tuxedo Holding Company, but the lease was for \$1 per annum.

Q. I am not interested so much in what the lease is worth, but rather in how much they put on the property and what they got for it when they let it go back?—A. Exhibition grounds, Edmonton; Hospice St. Charles, Quebec City; Cutenfields Golf Club, Guelph; Domaine d'Esterelle; Ontario Mental Hospital.

Q. I think we had better have a statement on the whole thing and then, probably, we will know where we stand?—A. I will get that for you.

By the Chairman:

Q. You understand that?—A. Yes, I will get that for you.

By Mr. Golding:

Q. On page 2, it says: R. 1 Goderich. Is that the elementary school there? There is an emergency landing field out in Goderich South?—A. The R. 1 must be a relief field, one of those forced landing fields that they use for practice purposes.

Q. The elementary school, has it been declared surplus yet to War Assets?—A. Negotiations have just commenced on the disposition of that site.

By Mr. McGregor:

Q. On page 3, under letter "K", Kingston, Ontario, 14 S.F.T.S., is that the same as the field which is commonly referred to, Barriefield?—A. No, Mr. Chairman. Barriefield is, I believe, the army signal training centre at Kingston. This is our aerodrome there.

The CHAIRMAN: Are there any other questions?

Mr. PROBE: I think that concludes these questions.

The CHAIRMAN: No. Just a minute, Mr. Probe. There are two other questions.

The WITNESS: Mr. McGregor asked for a list showing strength of aerodrome maintenance equipment being retained in the R.C.A.F. The list reads as follows:—

AERODROME MAINTENANCE VEHICLES AND EQUIPMENT

Type	Quantity being retained	Unit estab- lish- ment	Reserve
<i>Aerodrome Maintenance Vehicles—</i>			
Truck, Dump, 2 to 3 ton and 5 ton.....	326	233	93
Truck, Pick-up.....	104	78	26
Snowblower.....	91	76	15
Tractor, Crawler.....	206	159	47
Grader, Motor Patrol.....	31	25	6
<i>Aerodrome Maintenance Equipment—</i>			
Angle Dozer, Hydraulic.....	168	126	42
Roller, Snow.....	79	70	9
Drag, Snow.....	79	70	9
Plow, Snow, 1 Way.....	156	120	36
Blade, Maintenance Underbody.....	Nil	Nil	Nil
Sickle Bar.....	123	95	28
Mower Trailer.....	81	65	16
Plow, Snow, Sidewalk.....	55	46	9
Seeder and Harrow.....	35	28	7
Sleigh, Snow Removal.....	62	62	Nil
Roller, Turf.....	44	35	9
Distributor, Fertilizer.....	24	20	4
V-Plow, for Trucks.....	11	9	2
V-Plow, for Tractors.....	20	19	1
Gang Mower.....	48	40	8
Distributor, Asphalt.....	9	6	3
Sweeper, Rotary.....	93	75	18
Leaning Wheel Grader.....	13	10	3
TOTAL.....	1,858	1,467	391

This list is at May 1 in conformity with the other list submitted.

The CHAIRMAN: Mr. McGregor, this is your question. Have you any further questions arising out of the answer?

By Mr. Shaw:

Q. May we hear the question again?—A. Mr. Chairman, the question was: "A list showing strength of aerodrome maintenance equipment being retained in the R.C.A.F."

By Mr. McGregor:

Q. How many airports are being maintained throughout the country where this stuff would be distributed?—A. I am afraid I have not got that exact figure at my finger tips but I will get that and give it to you at the very next meeting.

Q. What about this gang-mower here?—is that a lawn-mower, motor driven?—A. Yes, that is quite a large lawn-mower affair, where four or five of them are pulled behind a tractor.

Mr. GOLDING: The Lions' Club want one.

Mr. MARIER: But these are being retained.

Mr. GOLDING: I know, but I wondered if they had any surplus.

The CHAIRMAN: Shall we pass on?

By Mr. McGregor:

Q. For instance, I want to know how many airports you are maintaining in this country. There appears to be 168 angle bulldozers listed here. That is an awful lot of equipment. What is this reserve?—there are 168 and a reserve of 42, what does that mean?—A. Mr. Chairman, the reserve on that item is in order to take care of our requirements during the time that the items under the U.E. heading are being repaired, and so on, and to act as replacements for anything that is actually worn out and not economically repairable. It is estimated to be the requirements for about three years.

Q. But what does the reserve of 42 mean?—A. The reserve of 42 is estimated to be the reserve necessary to keep 126 of these items which are already well worn—to keep them in active service for the next three years.

Q. What is the life of one of these machines?—A. I do not know, Mr. Chairman, but I can get the life estimate of these machines that our technical officers use and present it.

Q. Have all these machines been bought since the war started?—A. That is quite correct; the great majority of them have been bought since the war and they have done a great deal of work, of course.

Q. I do not know just what you mean by having a reserve of 42 machines to keep 126 machines going on airport work?—A. The total number being retained is 168.

Q. I happen to know something about these machines and I would say their life is not two or three years.

Mr. BENIDICKSON: How much do you think they are worth?

Mr. MCGREGOR: I do not know because there is nothing here to tell us.

Mr. BENIDICKSON: In appendix "E" of the statement of surplus materials declared to date, it showed 42 angle dozers hydraulic have been declared surplus and the cost would appear to be about \$1,600 per unit. Now, that would be a pretty low price for that equipment and I wonder if there was a mistake in the report?

Mr. MCGREGOR: I never heard of machines being bought for that money. I think the committee should be supplied with something clearer so we can understand what kind of machines they are buying for \$1,600. I never heard of a bulldozer being bought for that price.

By Mr. Benidickson:

Q. According to appendix "E" which was supplied to us a few days ago, showing 42 bulldozers declared surplus to date and showing \$68,418 to be their cost?—A. I will have a check made on that figure and report to you as soon as possible.

By Mr. Jackman:

Q. What are they using bulldozers for now? Surely the period of construction of temporary airports is over. Are they using them for snow removal? What do you use all those bulldozers for?—A. This equipment all falls within the jurisdiction of the director of construction and engineering and I will have to get a statement from him as to what their uses are.

Q. I presume it is all construction equipment; bulldozers are great big machines used for excavation such as for the making of aerodromes?

Mr. BRADETTE: But there are different types of bulldozers. They are not all big machines.

By Mr. Jackman:

Q. I do not know what you would use them for. I could imagine using perhaps one at every large aerodrome, but it would be seldom used at that, unless you have plans for a lot of ground construction?—A. I feel that this item is not a self-propelled vehicle at all, but rather an attachment to a tractor. The reason I say that is because we have broken it down here under vehicles, self-propelled items and equipment which are attachments and accessories for use with crawler tractors. I feel that is an attachment to a big tractor and that would account for the price being \$1,600, which is quoted.

By Mr. McGregor:

Q. Well, where are the tractors?—A. They are up above, under aerodrome maintenance vehicles, under tractor, crawler.

Q. Where?

Mr. MARIER: Line 4, tractor, crawler, quantity being retained, 206, and reserve 47.

By Mr. Jackman:

Q. Does crawler mean that they go on tracks? What is a crawler tractor?—A. It is a tracked vehicle.

Q. Do they use that type of machine to pull aeroplanes?—A. On occasion tractor vehicles are used to pull very large aeroplanes, but generally speaking wheeled vehicles or tractors are used for that purpose.

By Mr. Benidickson:

Q. I hope that the statement which is to be prepared will be as full as we can reasonably get it because, when we come to surplus equipment and tractors, and so on, it is difficult for a layman to get an idea of what it is and why it is being kept on hand for the post-war period. When it comes to aerodrome maintenance equipment, I think all the members will be hearing a great deal of criticism that our whole reconstruction program is being retarded because the commercial interests of the country cannot put their hands on this kind of equipment. I, personally, get the impression that there seems to be an unduly large reserve, considering the need of the country. So I hope that the statement will be reasonably ample.—A. I will get as full a statement on it as I can.

Mr. MCGREGOR: Have we got anything listed here to show what the tractors cost?

By Mr. McCullough:

Q. I was looking that up on page 3, under appendix "C" and the cost was \$5,200 approximately. I think that is quite in conformity with current prices for crawler tractors. Are those six that are declared surplus, are they out of repair, now in sufficient repair to be kept by the air force?—A. The figure declared on the tractors is 66, and to be declared is 6. Some of those would not be serviceable, but some of them would be serviceable vehicles. Naturally, they are the poorest ones we had in the service. We are keeping the best equipment that we can.

The CHAIRMAN: Are there any other questions?

By Mr. Jackman:

Q. It would seem that the air force were going into the agricultural business. I notice a seeder and a harrow and a distributor, fertilizer. Are you going into farming?—A. The distributor fertilizer is for fertilizing strips between the runways to keep down the dust on the aerodrome. That is a very important factor.

Mr. PROBE: There is a lot of fertilizer right here, Mr. Jackman.

The CHAIRMAN: The next question?

The WITNESS: Mr. Lalonde asked for a list saying how many radios have been declared surplus, the makes of each of them, the date or dates on which these have been declared surplus, to whom they have been sold, and the price of each unit that is available. Now the answer to the last two parts of that question can only be given by the War Assets Corporation, but the balance of the answer to that question is as follows:

WIRELESS SETS

Date	Ref.	Description	Quantity		Unit cost to the RCAF	Make	Disposed of to
			Serviceable	Repairable			
28- 1-46	40	Transmitter Type TA9D.....	3	.....	\$ cts.	United Kingdom.....	War Assets
4- 2-46	320	Trans. Rec. Type T1190.....	.....	2	100 00	"	"
4- 2-46	325	Trans. Rec. TR196.....	.....	7	600 00	Northern Elect.....	"
4- 2-46	733	Trans. T1083.....	.....	1	271 15	United Kingdom.....	"
22- 9-45	733	"	3	.....	271 15	"	"
28- 9-45	733	"	744	.....	271 15	"	"
3- 1-46	733	"	12	.....	271 15	"	"
12- 1-46	733	"	37	.....	271 15	"	"
28- 1-46	733	"	12	.....	271 15	"	"
16- 1-46	733	"	.....	1	271 15	"	"
12- 1-46	743	Receiver Type R1082.....	808	2	.....	United Kingdom.....	"
28- 1-46	743	"	94	.....	120 20	"	"
28- 9-45	743	"	12	.....	120 20	"	"
16- 4-46	743	"	42	.....	120 20	"	"
4- 2-46	743	"	1	.....	120 20	"	"
28- 1-46	743	"	.....	1	120 20	"	"
16- 1-46	743	"	.....	44	120 20	"	"
11- 3-46	743	"	.....	1	120 20	"	"
21- 3-46	796	Trans. Rec. TR9B.....	149	47	.....	United Kingdom.....	"
21- 3-46	875	Rec. R1094.....	1	.....	100 00	"	"
21- 3-46	882	Trans. T1090.....	11	.....	163 35	"	"
24-12-45	1047	Trans. Rec. TR9D.....	1	.....	423 84	"	"
21- 3-46	1232	Trans. Rec. TR1091.....	1	.....	350 00	"	"
21- 3-46	1234	Rec. R1093.....	1	.....	400 00	"	"
4- 2-46	1257	Trans. T120.....	.....	1	300 00	"	"
4- 2-46	1259	Trans. V1T4.....	.....	2	150 00	"	"
21- 3-46	1262	Receiver R3B.....	16	3	.....	United Kingdom.....	"
4- 2-46	1262	"	3	.....	250 00	"	"
			3	1	250 00		

12-2-45	Transmitter AT1	1267	2	535 98	Can. Marconi and Northern E. War Assets
30-10-44	"	1267	4	535 98	"
15-5-45	"	1267	2	535 98	"
14-12-45	"	1267	506	535 98	"
6-2-46	"	1267	1	535 98	"
31-2-46	"	1267	1	535 98	"
5-2-46	"	1267	17	535 98	"
26-3-46	"	1267	7	535 98	"
27-11-45	Transmitter AT3	1272	516	2,609 17	RCA Victor
27-11-45	"		10	2,609 17	"
18-3-46	"		9	2,609 17	"
6-3-46	"		31	2,609 17	"
			6		
16-2-45	Receiver AR2	1275	56	471 19	Can. Marconi and Northern E.
4-2-46	"	1275	1	471 19	"
13-3-46	"	1275	1	471 19	"
23-6-45	"	1275	4	471 19	"
30-10-44	"	1275	5	471 19	"
15-5-45	"	1275	2	471 19	"
15-5-45	"	1275	4	471 19	"
15-5-45	"	1275	2	471 19	"
24-8-45	"	1275	1	471 19	"
14-12-45	"	1275	798	471 19	"
6-3-46	"	1275	1	471 19	"
21-3-46	"	1275	202	471 19	"
			1011	471 19	
31-1-46	Receiver AR6	1428	8	475 50	Northern Electric
21-3-46	"	1428	390	475 50	"
7-2-46	"	1428	4	475 50	"
26-3-46	"	1428	10	475 50	"
12-4-45	"	1428	1	475 50	"
17-10-45	"	1428	5	475 50	"
			404	475 50	
26-3-46	Transmitter AT7	1429	14	549 56	Northern Electric
2-2-46	"	1429	6	549 56	"
31-1-46	"	1429	2	549 56	"
21-3-46	"	1429	7	549 56	"
27-11-45	"	1429	50	549 56	"
			1	549 56	
			65	549 56	

6- 4-46	3005	Trans. Rec. Type R5081.	42	135 00	Stewart Warner.	War Assets
11- 5-45	3234	Rec. Type RA1B.	4	795 00	Bendix.	"
6- 3-46	3234	"	2	795 00	"	"
5- 4-46	3234	"	6	795 00	"	"
9- 1-45	3235	Radio Compass Rec.	4	600 00	Bendix.	"
21- 3-46	3292	Rec. AR2A.	5	470 00	Northern Elect.	"
27-11-45	3293	Trans. Type TA2J-24.	13	1,300 00	Bendix.	"
18- 5-45	3293	"	2	1,300 00	"	"
5- 4-46	3293	"	5	1,300 00	"	"
26- 3-46	3293	"	3	1,300 00	"	"
31- 1-46	3293	"	5	1,300 00	"	"
20- 8-45	3293	"	4	1,300 00	"	"
28- 6-45	3293	"	3	1,300 00	"	"
10- 8-45	3293	"	1	1,300 00	"	"
		"	3	1,300 00	"	"
4- 2-46	3114	Trans. Rec. TR9c.	26			
1- 3-46	3417	Rec. Radio Compass Type CR2.		100 00	United Kingdom.	"
31- 1-46	3417	"	60	600 00	Bendix.	"
		"	4	600 00	"	"
28- 1-46	3458	Trans. Rec. TR9D.	64			
26- 3-46	3458	Trans. Rec. TR9D.	31	100 00	United Kingdom.	"
		"		100 00	United Kingdom.	"
7- 3-46	3526	Rec. Type GR.10.	31	298 96	RCAF Victor.	"
10- 4-46	3526	"	2	298 96	RCA Victor.	"
27-11-45	3526	"	3	298 96	RCA Victor.	"
14- 2-46	3526	"	20	298 96	RCA Victor.	"
		"	6	298 96	RCA Victor.	"
24-12-45	3632	Rec. D.F. Type MDF.	31			
31- 1-46	3684	Trans. H.F.2.	1	512 25	Marconi.	"
31- 1-46	3685	Trans. L.F.1.	1	685 42	RCA Victor.	"
21- 3-46	3813	Rec. Type R3003.	66	677 09	RCA Victor.	"
21- 3-46	3981	Rec. Type R1124A.	129	250 00	United Kingdom.	"
28- 1-46	3981	Rec. Type R1124A.	39	400 00	United Kingdom.	"
		"		400 00	United Kingdom.	"
			168			

WIRELESS SETS—Cont.

Date	Ref.	Description	Quantity		Unit cost to the RCAF	Make	Disposed of to
			Serviceable	Repairable			
28-1-46	3982	Rec. Main Type A1125	22		\$ cts.	United Kingdom	War Assets
21-3-46	3982	Rec. Main Type A1125	119		400 00	United Kingdom	"
			141				
9-1-45	4046	Radio Compass Rec.	187		375 00	Bendix	"
21-3-46	4078	Trans. Rec. TR9F	176		84 83	United Kingdom	"
28-1-46	4078	Trans. Rec. TR9F	1		84 83	United Kingdom	"
			177				
26-3-46	4081	Trans. T1154		3	500 00	United Kingdom	"
26-3-46	4082	Rec. R1155		1	500 00	United Kingdom	"
4-4-46	4349	Rec. Radio Range AR15	2		207 42	Stewart Warner	"
21-3-46	4355	Rec. R3002	219		500 00	United Kingdom	"
21-3-46	4443	Rec. R3039	4		350 00	United Kingdom	"
21-3-46	4794	Trans. T1154B	439		500 00	United Kingdom	"
21-3-46	5794	Trans. Rec. Type ADC19A	39		315 00	Dominion Electrohome	"
28-1-46	5794	Trans. Rec. Type ADC19A	1		315 00	Dominion Electrohome	"
			40				
18-5-45	5068	A/C Receiver RA10DA	3		850 00	Bendix	"
27-8-45	5447	Trans. BC625A/Rec. IBC624A	3		1,500 00	Bendix	"
26-4-46	5522	Trans. Type 503A-1	1		16,625 00	Northern Electric	"
4-2-46	5958	Trans. T1131		1	200 00	United Kingdom	"
21-3-46	5959	Rec. R1132A	25		450 00	United Kingdom	"
11-12-45	6434	Trans. Rec. ADC19B	2		765 40	Dom. Electrohome	"
24-12-45	6436	Trans. Rec. Type D	1		390 69	Dom. Electrohome	"
30-10-45	6550	Trans. BC Type GT20	1		300 00	U.S. Army	"
28-2-46	4096	Trans. S.B.A.	1		7,500 00	United Kingdom	"
23-4-46	7078	Trans. Type RMC101	1		2,000 00	Rodgers Majestic	"
28-1-46	7316	Trans. Type A.D.C.	9		275 00	Dom. Electrohome	"
21-3-46	8096	Rec. 1125B	304		400 00	United Kingdom	"
21-3-46	8097	Rec. 1124C	213		400 00	United Kingdom	"
23-11-44	9047	Trans. Rec. ATR22	400		1,000 00	United Kingdom	"
4-2-46	11740	Trans. Rec. TR9F		24	100 00	United Kingdom	"
21-3-46	13244	Trans. U.S.N. Type GOO			150 00	U.S. Navy	"
17-2-46	NIV 689	Trans. Type GP7	1		5,000 00	United Kingdom	"
21-3-46	RAF320	Trans. T1190	1		200 00	United Kingdom	"
21-3-46	RAF9216	Trans. T1098	21		200 00	United Kingdom	"
21-3-46	RAF9511	Trans. T1102	30		200 00	United Kingdom	"
21-3-46	RAF13320	Trans. T1396	30		400 00	United Kingdom	"
4-2-46	RAF105	Rec. R11		6	150 00	United Kingdom	"
5-3-46	17	Trans. RT3018	1				"
5-2-46	19	Rec. R3020	1				"

RADAR EQUIPMENT

Date	Ref.	Description	Quantity	Price	Make
<i>Transmitters</i>					
21- 3-46	10RD/151	Transmitter T3040E.....	6	350 00	United Kingdom
21- 3-46	10RD/200	Transmitter CHL/GC1.....	10	5,064 00	Research Enterprises
21- 3-46	10RD/201	Transmitter GC1.....	1	5,064 00	Research Enterprises
21- 3-46	10RD/526	Transmitter.....	1	2,000 00	Bendix
21- 3-46	10RD/611	AN/AP-22 Complete.....	10	800 00	U.S. Army and Navy
21- 3-46	10RD/621	Transmitter.....	1	2,000 00	U.S. Navy
6- 2-46	10RD/125	Transmitter ASV MKII....	62R	350 00 approx.	United Kingdom
<i>Receivers</i>					
12- 1-46	10RD/121	Receiver 1FF Type 3003.....	1	250 00	United Kingdom
21- 3-46	10RD/121	Receiver R3003 1FF.....	33	250 00	United Kingdom
21- 3-46	10RD/145	Receiver R3108.....	37	250 00	United Kingdom
21- 3-46	10RD/157	Receiver R3132B.....	7	250 00	United Kingdom
21- 3-46	10RD/202	Receiver CHL.....	1	5,588 00	Research Enterprises
21- 3-46	10RD/203	Receiver GC1.....	9	5,588 00	Research Enterprises
21- 3-46	10RD/360	Receiver 3078.....	89	120 00	Research Enterprises
21- 3-46	10RD/618	Receiver.....	1	2,000 00	U.S. Navy
21- 3-46	10RD/640	Receiver 3109.....	59	300 00 approx.	United Kingdom
21- 3-46	10RD/575	Receiver BC647A SCR.....	1R	2,000 00 approx.	Bendix

Mr. GOLDING: Is that all we have, Mr. Chairman?

The CHAIRMAN: Unless there are some questions arising out of this reply. Did you have something?

Mr. GOLDING: If we are through with this witness, Mr. Chairman, we have the Deputy Minister here today. I recall very well that rumours which were circulated around our county about equipment being destroyed at Port Albert, and I remember that I got in touch with the Deputy Minister and we got the whole thing cleared up. In view of the discussions which have taken place here, I think it will be interesting to have the Deputy Minister now give us some outline of the action that was taken at that time, because shortly after this happened I received a letter from the Deputy Minister that instructions had gone out that nothing further would be destroyed; and I think Mr. Gordon might have some information that would be helpful to the members of the committee in regard to the policy that was adopted to deal with these matters.

Mr. SHAW: Mr. Chairman, I am in full agreement with the course suggested by Mr. Golding, but I hardly think we are through with this witness.

Mr. GOLDING: I do not want to interfere with the questioning of the witness.

Mr. SHAW: I had a question I wanted to ask. It is this: someone has asked for a list of the radios declared surplus. I would like to have a list of the number of radios in the possession of the RCAF that may at some time be declared surplus, but have not been so declared yet. I think that is more important to me at the moment than this statement. I am not expecting an answer today, but I certainly would like to secure it later.

The CHAIRMAN: You mean the gross number?

Mr. SHAW: Quite right.

The CHAIRMAN: You would not want them subdivided?

Mr. SHAW: I am not so particular about that, but I would like to know how many radios, either ground sets or airborne equipment are still held and which may be declared surplus. A short time ago I asked about this \$490,000 of equipment still in the hands of the RCAF. I recall that the witness started to

answer the question, but I think he got off on to something else. I wanted to know what part of that was made up of radio equipment which might be of value to educational institutions. I think the witness had started to give me an answer on it, but I do not recall its having been completed.

The WITNESS: I referred to that in passing in replying to another question; but any statement as to the educational value, or the commercial value of the radio and radar equipment declared surplus by the RCAF was only determined by War Assets Corporation personnel, they have qualified personnel on their staff who would be capable of determining whether educational value exists in any piece of equipment declared to them. We have the figure of what portion of the \$490,000 in round figures is made up of radio. I think that is on the consolidated statistical data sheet. It also gives a partial answer to the question as to what is still to be declared. There is \$300,000, in round figures, of radio equipment still to be declared. The breakdown, to the best of our ability—you realize of course, that that is a very fluid thing—it depends upon the indications of the moment. We will prepare a statement for you in line with the latest information available showing what part of that \$300,000 of still-to-be-declared radio equipment is. The breakdown of the \$15,036,064 statement as already declared is a partial answer up to this date. Although much of it has not been detailed, I believe the total in this case is in the neighbourhood of \$4,000,000. I haven't got that total. It is made up of aircraft and electrical bits and pieces and other items of radio—separate bits and pieces that are not contained in the complete components which are listed here.

Mr. SHAW: You state that we have approximately \$300,000,000 worth of radio equipment still to be declared?

The WITNESS: \$300,000.

Mr. SHAW: Oh, that is different.

The WITNESS: That is on page 1, of the consolidated statistics which was presented, I think it was two meetings back.

The CHAIRMAN: Which statement was that, Mr. Shaw?

Mr. SHAW: The one to which the witness has just referred.

The WITNESS: I think you will find that against "clothing". It is rather difficult to read that. It looks to be in line with the "clothing" figure. That should be "nil" on the copy.

Mr. STEWART: Has the witness been able to get an answer yet to the question I asked yesterday about the alleged destruction of storage batteries?

The WITNESS: Mr. Chairman, I have not been able to get an answer to that. We have the enquiries out and we hope to be able to have that for you by next Tuesday. A correction, Mr. Chairman; the inquiry is out on that and it was left for the answer to be given by the Deputy Minister, not by myself.

Mr. STEWART: Did you speak to the Deputy Minister about it?

The CHAIRMAN: Gentlemen, I spoke to the Deputy Minister about appearing before the committee, and I want to be fair to him and say that I did not indicate to him that he would be called this morning as a witness. I was going to reply to Mr. Golding by making a statement to that effect. I got in touch with the Deputy Minister yesterday afternoon and requested his presence here, but not as a witness; and certainly it is only fair to Mr. Gordon to inquire whether he is ready to proceed.

Mr. GORDON: Yes, Mr. Chairman.

The CHAIRMAN: He says that he is quite willing, so, if you are through with the witness, we will excuse him and call Mr. Gordon.

Mr. PROBE: I have one question first, if you don't mind, Mr. Chairman. Yesterday I attempted to get in a question which the witness sidetracked—not through your fault, Mr. Chairman—and another question prevented his completing the answer. I wanted the witness to file in the proceedings of this committee copies of the instructions received at the various times from the War Assets Corporation dealing with the matter of dismantling or destruction. I mentioned three specific dates: February, 1945, March of 1945, and August of 1945. May we have these three letters or copies of these three letters included in the proceedings? I do not want a copy myself so long as I can go to the material.

The CHAIRMAN: Yes, we will see that that is attended to. Thank you very much, Group Captain Millard, you are excused for the time being.

Mr. PROBE: Before the witness goes, if there are any other letters of instruction than those three I mentioned here, will he please include them also—any letters or instructions pertaining to the destruction of material.

Mr. BRADETTE: Did you say "instructions" or "destructions"?

Mr. PROBE: Instructions dealing with destructions.

The CHAIRMAN: Perhaps Mr. Gordon will be able to clear up that particular question. We will now call him.

Herbert F. Gordon, Deputy Minister, National Defence-Air, called:

The WITNESS: It was intimated to me only a few minutes before this meeting this morning that I might be asked to appear before your committee. I recall the last time I came before this committee. There are number of faces then present which one misses very much, particularly when I recall their kindness and help to me. Any success which I may have had in the administration of the Royal Canadian Air Force is attributable almost one hundred per cent to the support I received from the War Expenditures Committee back in 1941. At that time Mr. Justice Thorson was chairman, and he was followed by the Hon. Mr. Fournier. The committee of that day gave me the opportunity of presenting thirteen recommendations. I recognized at the time that a mere civilian would be under a rather severe handicap when it came to dealing with administrative matters, most of which were carried out by uniformed personnel that grew almost overnight from some four thousand to over two hundred thousand, and at a time when the total expenditures on account of the air force rose from \$6,000,000 a year up to \$1,200,000,000 a year. So I defined what I would like to have as the supporting approval of the government. I made these recommendations and your committee was good enough to approve of them, and they were accepted by the government; so that during the last five years it has not been a question in discussion with the chief of the air staff, or the gentlemen you have with you to-day, of "Gordon says you can't do this" or "Gordon says you must do so and so"; rather I was always in the happy position of being able to say the government says you must do this, or you cannot do that. Therefore, gentlemen, my feeling towards this committee is one of gratitude; and, coupled with that, I want to give assurance that as long as I am in that Chair this committee will have every bit of information that they ask for to the limit of any human possibility of obtaining it. I would like to make that very clear on account of a few remarks made this morning. There is another thing, I sat here for a few minutes yesterday. I quite appreciate the tendency to deal with the problem of disposal of salvage in particular cases, and quite rightly; but in that connection perhaps I might just touch on the quick growth of this organization, then putting it into reverse

and getting 175,000 people out and leaving at the present time about 25,000 personnel. The changing conditions make it very difficult to keep track, except in one's own memory, of many of the incidents that have come up in the last few years.

There is that problem, the chief problem, of the method of disposing of surplus. I think perhaps many of this committee would be interested in knowing something about the genesis of the War Assets Corporation. I prepared a memorandum back in 1943, in September—I have a copy of it in my pocket—to my then minister, the Hon. C. G. Power, pointing out the fact that he and General Ralston and the Hon. Angus MacDonald were not selected by the Prime Minister for the appointments they held because they were great merchandisers; if that had been the purpose for which he had been seeking men, he perhaps would not have selected them; therefore, to avoid the scandals, the unfortunate situations which developed after the last war, I did not feel that it was the duty of any part of the armed services to be engaged in the disposal of equipment when it became surplus. That was on the 23rd of September, 1943. So I think perhaps we rather had a jump on anticipating the trouble that might come up, and which, unfortunately, has come up notwithstanding what I think was a reasonably good effort to protect ourselves. After the creation of the War Assets Corporation, or, perhaps I should not touch on this question because the officers of this corporation are to appear here on Tuesday next—but I just want to say that in the very beginning it was our feeling that when equipment at any time was surplus and we declared it so to the War Assets Corporation, they were in a better position to decide whether that equipment had a cash value or an educational value; or of value to the farmers in the neighbourhood, or of value to anybody who could make use of it. It was my view that we were not qualified to enter into the field of disposal. Then, the War Assets Corporation told me, through Mr. Carswell: "we have no men, and we cannot get any men because you people will not release them from the armed services." They said, in effect, you will not turn these people loose, so you will have to look after the matter for us for the time being; will you scrap certain items for us? In a foolish moment I said, "all right; we have the men, I think perhaps we can do that."

Then, on my first western trip after that I was a little upset about the effect on the public of seeing men in uniform smashing up these articles—the thought occurred to me, that is a fine display to the local taxpayers who were paying the men and who had paid for the materials, to see them being scrapped in that way. I did not think the impression was very good, so I said to War Assets; now, look, from here on I want your authority to do this sort of thing—I want a direct—not exactly order, but a direct instruction that you cannot do it, and that therefore you want us to do it; and, in so far as possible, to do the job a bit out of the public eye if we could.

I may say at that time I found that it cost \$285 to break an aircraft engine down into scrap, and that that scrap was worth \$20 to \$25. Then I realized that these things were made for destruction, and I suppose that nature would have to take its course along that line. Then, later on—I must say I think Mr. Shaw will agree with me, that something that happened, a report of which appeared in the Calgary newspapers last fall, was brought to my attention—I decided that our people had better stop messing in this scrap business altogether, and I issued an order at that time that men in uniform must not get themselves involved in this sort of thing. I must confess that apparently that order has not been observed in the occasional case, but in general I think it has been.

May I assure you, Mr. Chairman, that I shall be very pleased to be helpful to the committee in any way that is open to me, and I will be very glad indeed to answer any questions, if my memory goes back to the incident you have in mind; and I can assure you that if I cannot supply the answer at the moment I will get the answer for you.

You were speaking a moment ago about the smashing of these batteries. I heard that discussion yesterday morning, and I heard the names that were concerned in it. It just seemed to me that if these batteries were laid out in rows and somebody went along with a hammer and cracked one end of each—it just doesn't make sense, I would think that there had been some ulterior motive behind it. The first thing this morning I got the machinery at work to find out what was at the bottom of that thing. I propose to do that if I have to take the service police to get me a complete report of what happened to those batteries; what condition they were in when they were laid out in these rows, if they were so laid out. I had not heard of the thing until you mentioned it yesterday morning, that particular case; but I can assure you that if I can be useful in any way in dealing with questions that come before the committee I will be very glad indeed to do my best.

Mr. MCGREGOR: What did you say it cost, \$285 to scrap these engines?

The WITNESS: On one I had checked it cost \$285 to break up into a condition into which it would be usable scrap, and the best bid we could get on that scrap was \$25.

Mr. MCGREGOR: In other words it cost \$260 to make \$25 worth of scrap. Have you been doing much of that?

The WITNESS: We haven't done it. We got estimates on the scrap value.

Mr. MCGREGOR: What are you going to do with them?

The WITNESS: Of course, the engines are useless, they are not repairable; I imagine they will go on the scrap heap as an item as they stand.

Mr. SHAW: May I ask the Deputy Minister if War Assets Corporation pays them the cost of rendering engines, for example, into scrap, or do you have to bear that cost yourselves?

The WITNESS: I am quite certain that we never got anything from War Assets; either for services rendered or for the value of the equipment which was disposed of.

Mr. PROBE: Did the Deputy Minister mean to infer that this \$285 cost of dismantling the engine was an out of pocket cost, or would it be a bookkeeping cost?

The WITNESS: I think it would be a bookkeeping cost, chargeable against the time of the men who were on the job.

Mr. PROBE: And who would be otherwise employed if they were not at that work?

The WITNESS: Yes, certainly.

Mr. GOLDING: Well, Mr. Chairman, I had thought that the Deputy Minister would give us the dates these instructions were issued to discontinue destroying anything so far as the air force was concerned. As I say, we have quite a number of schools located in our country; there were the two service schools, and there was the radio school, and the elementary flying training school, and some emergency landing fields in our county; and it was at Port Alfred that I first heard that some material was being destroyed so I came to Ottawa and took the matter up with the deputy minister and he immediately made an inquiry, and shortly after that I got letter that that had all been discontinued, and from that time on we have not had any complaint in our county about any destruction going on, it was just stopped completely.

The WITNESS: I think, in answer to Mr. Golding, I would like to say that I was under the impression from the discussion this morning that Group Captain Millard was going to produce the letters giving the dates, right from the beginning.

Mr. GOLDING: I see. Yes.

By Mr. McGregor:

Q. The Deputy Minister, I suppose, has a record of everything that was destroyed by the air force?—A. There should be. I was inquiring about it this morning. I asked if it were an actual fact, that some of the evidence I heard yesterday was correct. There is no record of certain integral parts of the scrap which was destroyed. As a matter of fact, I had Group Captain Millard in my office this morning inquiring how that could be. I have an equipment audit group attached to my own office which covers the equipment depots continually. I have not completed the check-up, and I believe I will have to go into the matter a little further. I must say that I cannot understand any suggestion that we might have no record of it. I am sure we have a record, but I think probably the difficulty has been the manner in which replacements on something scrapped are handled. When a replacement comes in, the replacement being there, the stock would be complete, and there would be certain receipts and vouchers and that sort of thing. It might have been done by way of straight voucher forms that might not be on the record book. But I am afraid I will have to inquire a little further into that.

Q. Well, Mr. Chairman, I would assume that if you have a record for instance, in your stock room of everything that comes into that stock room—you have that haven't you?—A. Yes.

Q. Then if anything is broken or replaced out of stock it is taken from stock and a record is kept. I cannot imagine how stock records would get astray for anything that has been declared scrap when it first had to go through the records of your stock room.—A. I am quite in agreement with you, and you will have a clear answer. As a matter of fact, I think the last witness is to bring you a report at the next sitting; to bring you a report of the breakdown of scrap, and that sort of thing.

By Mr. Shaw:

Q. Mr. Chairman, might I ask the Deputy Minister or War Assets Corporation, or any representative of the War Assets Corporation inspect any materials which the RCAF had decided to scrap? Now, we understand that the War Assets Corporation issued to you a list of those things which could be not be scrapped by them, and left you quite free as far as other categories were concerned; did they inspect these materials before you actually rendered them into scrap?—A. I do not know that they actually inspect. I would think, perhaps, not. I have something here on that. There was their instruction that certain things should be retained in their whole state and declared periodically as scrap; and they directed in this connection: It is requested that instructions be given that mutilation must be carried out under the direction of a competent officer or the C.O. It deals with categories of items. I was thinking yesterday that if these categories could be presented to the committee, and each item that has been referred to, subjected to question, dug out from that, with all the information in regard to that particular item and such other items as one might be readily impressed with as being important to this committee. Rather than make a complete list covering everything that had been scrapped from one end of the country to the other, our people had might rather confine themselves to the individual items that the committee had concerned itself with during the last session or two. Once they bring those out, then other items that the committee might be interested in specifically could be obtained for them.

Q. The thing that disturbed us very much in the west—and my reason for asking that question was this: competent men at a certain airport, Penhold, were themselves greatly shocked to think that certain articles were being destroyed. Now, they were not janitors around the place who were just expressing this opinion, but rather they were technical men who knew all about it.

I commend the deputy minister here and now for having refused to allow the R.C.A.F. to continue this policy of destruction, and I commend those in the west, including certain newspapers and individuals, who brought this matter forward very forcibly last August, for performing a very valuable service to the people of this country.

My reason for asking if War Assets knew about and inspected this material was that, unless they did, the responsibility for what occurred say at Penhold at the end of August is really on the shoulders of the R.C.A.F., is it not? You must assume the first responsibility at least? But in the final analysis it is War Assets Corporation, for having given you authority to proceed in that type of activity. Our purpose in bringing forward this matter last August was to put a stop to whatever was going on, pending an investigation, and it did bring a stop to it. I am pleased to know that one of our branches of the armed forces refused to be associated any longer with such a practice as that which was engaged in at that time.—A. I will have to take a little exception to you, Mr. Shaw, in regard to the responsibility. I want to make it perfectly clear. I think there is a tendency to create an impression, or rather, an impression is liable to be created that the association and co-operation between the R.C.A.F. and War Assets Corporation is not as smooth running as it should be. Now, I could not ask for finer and closer co-operation than there has been between myself and the present War Assets Corporation; but we are both dealing with the most enormous amount of different problems all the time.

I could readily conceive of some gentleman here getting a bit into the hair of his opposite number in War Assets; but when that happens, Jack Berry gives me a call or I give him a call and we get the thing straightened out very quickly. So it is not a matter of who is to blame so much. And with respect to our association during the last six years with the R.C.A.F., I would hate to have a fine job that we have done end on a sour note over the disposal of salvage. For that reason, in so far as it is in my power, I would make it perfectly clear from the beginning, that from the time material was turned over, the responsibility with regard to it would not be ours.

Q. I just wish to emphasize that I too have had the most splendid co-operation from the officials of the War Assets Corporation; but that has not prevented me from disagreeing with them on a number of occasions, as probably some of the officials will agree. But I wish it to be understood that I too have had splendid co-operation from them and I would hate to think that anything coming out of this committee would reflect upon the splendid service performed by the R.C.A.F. in their own specific field during the course of this war. Let me assure you, I do not want to leave any wrong impression, and I hope that in the future, so far as the R.C.A.F. is concerned, it will continue to refuse to engage in any more disposals than the nature of their service makes necessary.

By Mr. Probe:

Q. Last fall I received two letters dealing with the procedure adopted when material is reduced to scrap. Both letters were from air force service men who were engaged in the business of reduction, and one was from Penhold and one was from Weyburn, Saskatchewan. In both instances the idea was much the same: that these air chappies wished to take home some of the material that was being reduced to scrap because they had a personal use for it. I know this is not a business matter that I am discussing, but there is a human value here to which I think the minister might give a reply. The order was that this stuff, while it could be pulverized, should not be taken home for private use. Is that true?—A. I think it is quite true. The point is: where would you stop when you allow people to walk off the station with this, that and the other thing that comes

off a scrap pile? No, no. That is an airplane part or something that might have value. I am afraid I would have to disagree with letting the boys walk off the station with souvenirs of that kind.

Q. Well, we did it overseas and got away with it.—A. So did I, sir, and we called it salvage, in those days.

Q. I think this should have been salvage too, Mr. Chairman, but I just wondered. It seems to me that exceptions could have been made. It seems to me that there is a human as well as a business application, and that the orders should not have been issued.—A. Notwithstanding the issue of the orders, sir, I understand it has been done.

Q. I do not doubt that.

MR. BRADETTE: I believe we are getting to the root of the matter about which there has been some criticism. Personally, I have been in the unfortunate position of being located too far away when anything was to be given away. I am located in a section of Canada hundreds of miles away from the airports. However, I believe something has been done and that we are getting at the root of the matter and I appreciate the ability of the present witness and also of the R.C.A.F. officers who have appeared here. There is no hiding behind the bush about anything that happened there.

I really believe, and no one can make me believe otherwise, that no R.C.A.F. officer would deliberately—leaving out the question of their war records which have nothing to do with this matter, the war record of the R.C.A.F. or that of the other departments of our armed forces—that with the expert advisers which they have within their own departments, that they would deliberately destroy something that might be useful to War Assets Corporation.

No doubt some destruction would be bound to happen in a department of that kind before the establishment of War Assets Corporation. It is natural that it would be so. Smash-ups would be bound to occur. But I do suggest that to turn a thing into scrap, when the cost of the thing would be about 500 per cent more than what the scrap would be worth is not right. It should not be turned into scrap, even though a person was there to do that job, even at the expense of the R.C.A.F. department. But I believe we are getting ahead and I am positive that the C.C.F.—no, the R.C.A.F.—

MR. PROBE: His faith in human values stops just about there.

MR. BRADETTE: And the government, or War Assets Corporation would deliberately take upon themselves the responsibility of destroying things that should not be destroyed. That is the way I feel about it myself, and I believe that if we carry out our work along this line for a few more sittings, the people of Canada will realize that very little harm has been done along that score.

By Mr. Shaw:

Q. I would like to emphasize, and it is my personal belief, that just because a thing may have no so-called commercial value does not mean that it has no value at all. It seemed to me that that was the policy pursued in the past. Let us take the R.C.A.F. for example. These men seemed to indicate to me that they looked upon certain, let us say, airborne radio equipment as having value just so long as it was in an aircraft; and then beyond that they stated it had no commercial value. But we know the use that can be made of such things by an amateur radio man. We know that experimental work, for example, can be carried on by educational institutions.

I had in mind especially the fact that the cost of rendering many of these things to scrap was so much higher than what was realized that, no matter how you disposed of it, apart from scrap, you could have made money. I happened to be at Penhold, for example, when they held an auction sale of commodities from the officers' and sergeants' messes. There were people there

from all over the province of Alberta and the amounts so realized from almost useless commodities was staggering. So I am sure that you could take airborne radio equipment and ground radio equipment, and so forth, and dispose of it in that manner and thereby you could have realized much more than you could through the process of scrapping it. I am just passing this on to War Assets Corporation and re-emphasizing, more particularly, what has been said before by previous speakers, bearing in mind the non-commercial value of commodities such as airborne radio equipment and that we should not, under any circumstances, render that equipment to scrap without first making an endeavour to dispose of it in other ways.

I am certain that the amount realized thereby would justify such action. I know that it came to the attention of the members of this committee the other day, and I for one was shocked at the thought that my consideration of declarations of things destroyed was just talking through my hat. I still contend that I was not, and that our complaints were completely justified and that commodities having value either in the educational field or in the non-commercial field were actually destroyed. I hope that that is now all a matter of the past, and I do not want it to be inferred from time to time throughout this committee, that we were just indulging in a pipe dream when we made this assurance in the past.—A. The principle adopted, as far as I have been concerned, and I think the department too is: that once a thing is out of the hands of the R.C.A.F. or the Department of National Defence for Air, then it is somebody else's property.

Q. I know there are people here from War Assets and what I said applied more particularly to them; but regardless of to whom it applies, I would like to see the principle applied.

Mr. WINKLER: I do not think that what I am about to say should go on the record.

The session continued off the record.

The CHAIRMAN: Are there any other questions? If not, there is a motion in order to adjourn?

Mr. GOLDING: I move we adjourn.

The CHAIRMAN: I wish to thank Mr. Gordon for appearing before the committee on such short notice. The committee is adjourned until Tuesday at 11 o'clock.

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Canada War Expenditures 1946

(SESSION 1946
HOUSE OF COMMONS)

DEPARTMENTAL
IN EXCHANGE
UNIVERSITY OF TORONTO

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(SPECIAL COMMITTEE

ON

WAR EXPENDITURES AND ECONOMIES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 13

MONDAY, MAY 20, 1946

TUESDAY, MAY 21, 1946

WITNESSES:

Group Captain Victor S. J. Millard, Supply Staff Officer, R.C.A.F. Maintenance Command Headquarters, Uplands Ont.
Mr. J. H. Berry, President, War Assets Corporation.

MINUTES OF PROCEEDINGS

MONDAY, May 20, 1946.

Pursuant to a decision recorded in the Third Report of its Steering Committee on May 7, 1946, the Special Committee on War Expenditures and Economies met this day in the city of Montreal.

The following members of the Committee were present: Messrs. Isnor, Chairman; Bradette, Cleaver, Cote (*Verdun*), Jackman, Marier, Marquis, McGregor, Probe, Shaw and Winkler.

At 9.00 a.m., the Committee, accompanied by some other members of the House of Commons, including the Honuorable C. D. Howe, Minister of Reconstruction and Supply, proceeded to visit the Verdun Industrial Building in which 34 business firms are rapidly becoming established, and which is owned by the Crown and administered by War Assets Corporation.

At 10.30 a.m., an official welcome was tendered the Committee by Mr. P. E. Cote, the Federal Member for Verdun, Mr. Lionel Ross, Member of the Legislative Assembly for Verdun, Mayor Edward Wilson, and representatives of War Assets Corporation and of the various industries operating in the building.

On the invitation of Mr. Cote, who presided, Mr. Howe addressed the meeting and expressed his appreciation of the rapid development of the industries that members had the advantage of seeing in operation.

Speaking on behalf of all members present, Mr. Isnor, Chairman of the Committee, thanked Mr. Cote, the Mayor of Verdun and officials present for their kind reception and for making this inspection tour agreeable as well as instructive to the Committee. He then moved that the meeting be adjourned in order that the Committee might resume its program of inspection.

At 12.30 p.m., the Committee met in the Board Room of War Assets Corporation, the President, Vice-Presidents, General Manager and other officers of the Corporation in attendance. Mr. E. R. Birchard, Vice-President in charge of Merchandising, here explained certain operations of the Corporation and, with Mr. Berry, answered questions.

At 2.00 p.m., the Committee, under the direction of Mr. C. T. MacKenzie, Director of Organization and Personnel, made a tour of the Head Office, in the course of which the chiefs of the different divisions explained the procedure and work involved in the listing, pricing and distribution of goods and material for disposal.

At 3.30 p.m., the Committee proceeded to Longue Pointe for an inspection of the building formerly operated by the Montreal Locomotive Works in the manufacturing of 30-ton Ram tanks. At the present time the building is being used by War Assets Corporation as a warehouse for war surplus materials.

At 9.00 p.m., the Committee left Montreal for Ottawa in order to resume its regular sittings on Tuesday, May 21st, at 11.00 a.m.

R. ARSENAULT
Clerk of the Committee.

MINUTES OF PROCEEDINGS

TUESDAY, May 21, 1946.

The Special Committee on War Expenditures and Economies met at 11.00 a.m., the Chairman, Mr. Isnor, presiding.

Members present: Messrs. Black (*Cumberland*), Cleaver, Cote (*Verdun*), Golding, Homuth, Isnor, Jackman, Marquis, Murphy, McCullough (*Assiniboia*), McGregor, McIlraith, McLure, Probe, Reid, Shaw, Smith (*Calgary W.*), Stewart (*Winnipeg N.*), Winkler.

In attendance: Mr. H. F. Gordon, Deputy Minister of National Defence for Air; Mr. J. H. Berry, President, War Assets Corporation; Group Captain Victor S. J. Millard, Supply Staff Officer, R.C.A.F., Maintenance Command Headquarters, Uplands, Ont.; Lieut. Col. W. M. Thomson, Assistant Director of Ordnance Services (Provision), Branch of the M.G.O.; Captain G. B. Hope, Assistant Chief, Naval Administration & Supply; Commander E. G. Arnold, Naval Assistant to the Deputy Minister of National Defence (Navy); Commander Robert McGregor, Ship Repair Section; Lieut. Commander A. H. Rollit, Deputy Director of Special Services (Navy); Lt. F. Gallop, attached to Special Services Branch (Navy).

Group Captain Millard was recalled. He filed a number of statements in answer to questions asked in the course of previous sittings. It was ordered that these be considered as having been read and included in the printed record. (*See Appendices "A", "B", "C" and "D" of this day's Minutes of Proceedings and Evidence*).

Witness stood aside and Mr. Berry was recalled. He read a brief on the policy of War Assets Corporation on (a) destruction of supplies; (b) reduction of surplus to produce on scrap, and (c) mutilation of surplus.

In the course of Mr. Berry's examination on the above statement, questions were also answered by Group Captain Millard.

At 1.00 o'clock p.m., witnesses retired, and the Committee adjourned until Thursday, May 23, at 11.00 a.m.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

May 21, 1946.

The Special Committee on War Expenditures and Economies met this day at 11 o'clock a.m. The Chairman, Mr. Gordon B. Isnor, presided.

The CHAIRMAN: Gentlemen, we now have the required number for our quorum and we will immediately proceed to business. You will recall that in accordance with our steering committee's report I was requested to contact Mr. Berry, President of War Assets Corporation with a view to having him here to-day to give evidence, joint evidence, with the R.C.A.F. representative.

I have before me considerable correspondence and evidence as requested from Group Captain Millard, arising out of the questions placed before the committee at its last meeting. Is it your wish that these be considered as read and included in the minutes, to be dealt with later?

Mr. STEWART: I think they are an integral part of the proceedings, Mr. Chairman; but I also think we should deal with them later, because we have had no chance to digest them at all.

The CHAIRMAN: No. Well, gentlemen, if that is agreed upon I will consider these as read, and to be included in the printing of our minutes; and if necessary they can again be dealt with at a later date. (See appendices A, B, C, & D).

Mr. SMITH: I think I would alter that last sentence, Mr. Chairman. I think we had better decide that it is necessary now. I have about two pounds of paper here and I cannot read it all now; but I would like the opportunity of reading it and, if necessary, the opportunity of having the witness recalled.

The CHAIRMAN: As amended by Mr. Smith? Agreed, gentlemen? Carried! There is one brief statement that Group Captain Millard wishes to make before we call upon Mr. Berry.

Group Captain Victor S. J. Millard, Supply Staff Officer, R.C.A.F. Maintenance Command Headquarters, Uplands, Ontario, recalled:

The WITNESS: Mr. Chairman, Mr. Black asked a question relating to Dakota aircraft returned from the United Kingdom. He wanted to know the date when purchased and the cost of delivery to this country and the cost of the spares. The answer is:

The Dakota aircraft returned from the United Kingdom were acquired when the R.C.A.F. Transport Squadrons were formed in September 1944 and January 1945 at a unit cost of \$170,880.

The cost of gasoline and oil required for the Trans-Atlantic flight was absorbed by the United Kingdom. The spares returned to Canada with the aircraft were part of 7 days maintenance spares held by each squadron during operations the cost of which is included in the operational costs of each squadron as agreed to between the United Kingdom and Canadian Finance Departments. At the time the aircraft were returned to Canada, 163 officers and 287 other ranks were repatriated to Rockcliffe. The cost of repatriating a similar number of officers and other ranks to Rockcliffe by sea and rail would have been \$39,479.49.

The CHAIRMAN: That completes the question?

The WITNESS: Yes. There was another question asked by Mr. McGregor and enlarged upon by Mr. Benidickson which we have not yet completed but the answer to which we will put forward at the earliest opportunity.

The CHAIRMAN: Thank you.

By Mr. Stewart:

Q. In connection with a statement about wireless and unclassified radar equipment to be disposed of by the R.C.A.F., could the witness give us the date when this last statement was made up?—A. That is an answer to a question asked by Mr. Shaw giving a breakdown of the figures shown on the consolidated statistical sheet of figures, as of May 1. There is a point of clarification there. The \$300,000 which Mr. Shaw observed upon is only for ground radio. The clerks classified them in error under the applicable airframes, but we have extracted them and they now appear as the airborne spares. So, the \$300,000 relates to the ground radio which is still to be declared.

WIRELESS AND UNCLASSIFIED RADAR EQUIPMENT TO BE DISPOSED OF BY THE R.C.A.F.

AIRBORNE INSTALLATIONS

Ref. No.	Description	Quantity		Unit Cost to RCAF	Total Unit Cost	Total	Make
		Service-able	Repair-able				
10D/1275	Receiver Type AR2	75	203	\$ 471 19	\$ cts. 159,262 22	\$ cts.	Northern Electric; Canadian Marconi
10D/4349	Receiver Type AR15	679		207 42	140,838 18		Stewart Warner
10D/4082	Receiver Type R1155	95		500 00	47,500 00		United Kingdom
10D/1267	Transmitter Type AT1		334	535 98	179,017 32		Northern Electric
10D/1429	Transmitter Type AT7	160		549 56	87,929 60		Northern Electric
10D/3684	Transmitter Type AT12 H.F.	2	119	685 42	82,935 82		RCA Victor
10D/3685	Transmitter Type AT12 L.F.	20	53	677 09	49,427 57		RCA Victor
10D/4081	Transmitters Type T1154	704	7	500 00	385,500 00		United Kingdom
10D/4794	Transmitters Type T1154B						Bendix
10D/3293	Transmitter Type TA2J	156	158	1,300 00	408,200 00		Canadian Marconi
10D/1546	Transmitter Receiver Type ATR 5	468		511 29	239,283 72		RCA
10D/2645	Transmitter Receiver Type ATR8	36		600 00	21,600 00		United Kingdom
10D/3802	Transmitter Receiver Type TR1133A	20	6	514 05	13,365 30		United Kingdom
10D/500738	Transmitter Receiver Type TR1133D	10		514 05	5,140 50		United Kingdom
10D/RAF 138	Transmitter Receiver Type TR1133B	10		514 05	5,140 50		United Kingdom
10D/RAF 540	Transmitter Receiver Type TR1133G	1		514 05	514 05		United Kingdom
10D/2436	Amplifiers Interphone Type 157E	202		44 92	9,073 84		RCA Victor
10D/4493	Amplifier Type A1134	192		72 00	13,824 00		United Kingdom
10D/4240	Preamplifier (Spec. RAD-1-4)	407		138 00	56,166 00		Dominion Electrohome
10D/3789	Indicator Frequency Type C2	40		329 16	13,166 40		Canadian Marconi
10D/13854	Altimeters Radio Type AYD	51	1	96 00	49,920 00		United States Navy
10D/4350	Power Supply AR15 12 Volt	390		96 00	37,440 00		Stewart Warner
10D/4467	Radio Range Tuner	100		67 55	6,755 00		Stewart Warner
10RD/NIV	ARI 5083 Installation	75		3,000 00	225,000 00		United Kingdom
	TOTAL AIRBORNE					2,237,000 02	

GROUND INSTALLATIONS

10D/1272	Transmitter Type AT3		100	2,609 17	260,917 00		RCA Victor
10D/4213	Transmitter Type GT14	2		5,553 33	11,106 66		Canadian Marconi
10D/3003	Trainers RMC100	7		3,996 62	27,976 34		Rogers Majestic
	TOTAL GROUND					300,000 00	
	TOTAL AIRBORNE AND GROUND					2,537,000 02	

Mr. McGREGOR: You still have not given us the date.

Mr. COTE: Yes, it is May 1.

Mr. McGREGOR: Of this year?

The WITNESS: Yes, Mr. Chairman.

The CHAIRMAN: Group Captain Millard has furnished the committee with further replies to questions as follows:—

Mr. Reid asked the question, has material that has been accumulated under the jurisdiction of the Air Force at Boundary Bay, has that material been declared yet to war Assets and at what dates?

Answer.

The site at Boundary Bay was originally No. 5 Operational Training Unit. When this unit disbanded on Oct. 31, 1945, the following buildings at Boundary Bay were allocated to No. 2 Equipment Depot, Vancouver, to be operated as a detachment of that Depot and used for the storage of R.C.A.F. material. Drill Hall, Hangar No. 1, Hangar No. 2, Hangar No. 3.

The Commanding Officer, No. 2 Equipment Depot, having no storage space within the depot proper in Vancouver or its holding unit at Hastings Park, directed that equipment being received from disbanded units be concentrated at Boundary Bay. This was done with the expectation based on information issued by AFHQ, that the majority of the material selected for movement into Boundary Bay would eventually be declared surplus to War Assets. Equipment definitely known to be needed for post-war requirements was directed into the depot proper at Vancouver. Furthermore, in addition to the above and in order to make room for known post-war requirement equipment being received into the depot proper at Vancouver. The C.O. was forced to move a certain proportion of declared surplus equipment from Vancouver to Boundary Bay.

The R.C.A.F., being aware of War Assets dire need for storage accommodation in the Vancouver area, entered into negotiations with them on or about March 1 with a view to loaning War Assets the drill hall and the three hangars at Boundary Bay. This arrangement would enable the R.C.A.F. to vacate the site at Boundary Bay after a receipt had been obtained for the surplus declared equipment stored therein. Authority to hand over these buildings was obtained from Air Force Headquarters on or about April 1 and War Assets officials immediately took possession of the drill hall and commenced work taking over the surplus declared equipment on the site.

The position of the material which has accumulated under the jurisdiction of the Air Force at Boundary Bay, according to a report received from the Commanding Officer, No. 2 Equipment Depot, dated May 16, is as follow:—

(1) *Residual Equipment Left at Boundary Bay on Disbandment of No. 5 Operational Training Unit*

<i>R.C.A.F. Declaration No.</i>	<i>Date</i>	<i>Original Value</i>
1B/682	28 Nov/45	\$51,915.00
2B/131	5 Mar/45	68,345.00
3/791	15 Feb/46	14,614.04
1A/564 } Unserviceable and repairable items reported on these blank 3,780 } ket declarations in accordance with our normal procedure.		

The following items resulting from the disbandment of No. 5 Operational Training Unit have not been declared to War Assets:—

- (a) 3 Celestial Trainers and their relative accessories.—These are Lend-Lease items and are large fixed installations. It is not practical to move them and there is no authority at the present moment to declare.
- (b) Bombing Teacher and its relative accessories—which are in the same category as the Celestial Trainers.
- (c) Decompression Chamber—which has not been established as surplus to the R.C.A.F. at the present time.

(2) *Hangar No. 1*

- (a) Barrack equipment from disbanded units
- (b) Technical equipment from disbanded units
- (c) Technical equipment received from contractors
- (d) Miscellaneous NIV equipment received from No. 2 Equipment Depot stocks.

NOTE.—Lists detailing these items were forwarded from time to time to Maintenance Command Headquarters for screening and declaration of surpluses to War Assets. A portion of this material has been declared and the remainder is now being actioned.

(3) *Hangar No. 2*

- (a) A number of engines which had been declared by No. 2 Equipment Depot, Vancouver, and which for lack of storage space within the depot proper, were moved to Boundary Bay.
- (b) 22 engines which have not yet been declared but are now in the process of being screened and will shortly be reported surplus to War Assets.
- (c) A number of bulky items of equipment which had previously been declared to War Assets by No. 2 Equipment Depot, Vancouver, and which were moved to Boundary Bay in order to make room for post-war requirements.
- (d) A small amount of material which had been directed into Boundary Bay from disbanding units and which now will have to be transferred to No. 2 Equipment Depot, Vancouver, due to unforeseen changes in our post-war requirements.

(4) *Hangar No. 3*

- (a) Certain items of equipment which were not readily saleable but which were previously declared as at No. 2 Equipment Depot, Vancouver.
- (b) Unreported and undeclared equipment received from units during the month of May which is being listed and reported to Maintenance Command Headquarters for screening.

The CHAIRMAN: Thank you, Group Captain Millard. Now, Mr. Berry, would you be good enough to take the stand.

Mr. J. H. Berry, President, War Assets Corporation, recalled:

The CHAIRMAN: Gentlemen, Mr. Berry appears before you to-day as requested by the committee, to deal with the destruction of R.C.A.F. equipment. Mr. Berry is prepared to make a statement in that connection at the present time.

The WITNESS: Mr. Chairman and gentlemen: I would like to outline War Assets Corporation policy on:—

(A) Destruction of surplus.

(B) Reduction of surplus to produce or scrap.

(C) Mutilation of surplus.

To adequately cover the development of War Assets Corporation policies under the title headings, it seems necessary to provide a general description of types of surplus which are covered by each heading, and also to include a history of certain actions taken previously by the Corporation which actions have contributed to the formulation of the current policy.

1. DEFINITIONS**A. Destruction of surplus**

This term implies the entire elimination of materials by means of fire or dumping at sea.

The Corporation only permits of this operation being carried out in the case of (a) War-like material which is a danger to life; (b) Material which after proper and full investigation is found to have no known use in the peace-time economy; (c) Secret equipment on which the cost of eliminating the secret features would greatly exceed the salvage value of the resulting material.

An example of material covered by the war-like material category is mustard gas, a considerable quantity of which was recently taken out to sea and drowned. Alternatively loaded ammunition has also been drowned at sea after careful study which indicated that the risk to life in unloading operations and subsequent operations was high and further the cost of unloading, transport and distribution would exceed the estimated salvaged value.

I would like to mention an instance covering 7.2-inch shells which were reported as surplus and which we investigated as to possible disposition. The Steel Controller told us that heavy melting steel scrap which could be obtained from these shells was in very short supply and it was finally decided to proceed with the unloading of the shells with a view on obtaining 5,600 tons of heavy scrap.

The details of this operation were as follows:

A quantity of 74,799 filled 7.2-inch shells declared surplus were not required by any previous users nor could they be sold commercially in their present condition. Arrangements were made to have Canadian Arsenals boil out the explosive in order to save the steel shell for much needed scrap. The steel so salvaged will amount to 5,600 tons and taking into consideration the salvage value of the steel against the cost of recovery we estimate the loss amounts to \$72,315.00 against an estimated cost of drowning of \$145,000.00 with no recovery of valuable scrap.

No example of material having no known commercial use comes to mind readily.

An example of material involving secret features is the case of domes and motor alternators previously used by the Navy as part of their anti-submarine equipment. Investigation showed that due to the secret nature of the equipment it was necessary for a major part of the equipment to be reduced to scrap prior to disposal, otherwise the secret aspects of the equipment might have become common knowledge.

In the case of the domes, it was estimated that the cost of scrapping was \$15.25, whereas the estimated recovery from the sale of the scrap was \$5.76.

In the case of the alternators, the cost of scrapping was estimated at \$10.00 and anticipated recovery from the sale was estimated at \$1.95.

B. Reduction of surplus to produce or scrap

This term implies that the material has no known use in its present form and the only way in which the material can be used in the peace-time economy is by melting it down.

Typical examples of this type of material are complete tanks, guns, and semi-fabricated or even fabricated part or components of war-like apparatus which are not used in commercial life.

C. Mutilation of Surplus

This term implies the marking or removal of material, or otherwise defacing any particular surplus so that it cannot be used for its original purpose.

Examples of material covered by this category might well be aeroplane engine parts for which authenticity or pedigree certificates are not available. Obviously in the public interest, it is not safe for unorthodox repair parts to be used in repairing aeroplanes, as the use of such parts might well constitute a danger to the public at large as well as to the operators of the plane.

D. Decisions as to Method of Disposal

The present procedure laid down by the Corporation, which I will elaborate later, calls for all materials to be inspected by officers of the Supply Department of the Corporation who in consultation with the Scrap Section of the Sales Division; or any other Sales Division concerned with the sale of the particular type of surplus; decide on the method to be followed in the case of material which they consider can only be disposed of under the categories of eliminate, reduce to scrap or mutilate.

I might mention here that we find it most difficult to define in writing, for procedural purposes, what is scrap or what should be reduced to scrap.

For instance ball-bearings. The ball bearing industry, in North America particularly, works on standard sizes, loadings and types, but during the war great numbers of non-standard bearings were made for particular jobs. The standard bearings are saleable as bearings but the non-standard bearings are only saleable if and when some special piece of equipment calls for non-standard bearings. I am quite sure that the designers of equipment will not design their equipment to use ball bearings which are non-standard and produced for war purposes only. First of all the manufacturers of the bearings will in all probability not make the special bearings any more and so after War Assets Corporation's stock is exhausted no service could be provided and if the manufacturer decided to make any more of his equipment he would have to alter his design probably at some considerable expense.

We are, therefore, faced with the task of segregating ball-bearings in standard and non-standard types, and then as regards the non-standard types, we face the problem of reducing to scrap or holding them in stock at considerable expense on the off chance of sale at some price at a later date.

This ball-bearing case is typical of many other items. Action has to be taken by the Corporation to the best of our judgment, otherwise our cost of storing material on the basis of "well we might get something for it some day" would in the final analysis exceed our recovery.

2. HISTORY

As I have advised previously, the Corporation organization did not include what is now known as the Supply Department prior to October of last year, and under these circumstances the Corporation was forced to request the

cooperation of outside agencies in dealing with surplus which it was considered could only be handled under a scrapping or destruction procedure. As an example of this, I would like to outline actions taken which led up to what might be called the Penhold situation.

In February of 1945 representatives of the head office of the aircraft division of War Assets Corporation met with representatives of the Department of National Defence for Air to develop routine for the handling of material declared surplus by the Department of National Defence for Air and which the Department for Air wished to have removed from their custody as fast as possible.

These representatives dealt with complete aeroplanes and aeroplane parts on the basis that complete aeroplanes fell into two distinct categories (a) those which were saleable and flyable for commercial use; (b) those which

- (i) although saleable as a commercial type, were damaged so badly that they could not be repaired,
- (ii) were not saleable due to their military characteristics and
- (iii) items classified as "repairable Category E" by the R.C.A.F.

It was agreed that as regards the planes coming within the saleable category these would be passed over to War Assets Corporation for sales action and it was further agreed that certain parts of the non-saleable planes would be removed and passed over to the Corporation for sale before reduction to scrap operations were commenced.

Decisions as to which parts were to be removed, from the non-saleable complete aeroplanes and items in the "repairable category E class" *not* to be reduced to scrap were arrived at by the War Assets Corporation representatives by examination of the R.C.A.F. vocabulary which covers and lists all the component parts and equipment of planes. These parts were salvaged by the R.C.A.F. and held pending sale by War Assets Corporation and the balance of the items were either reduced to scrap, mutilated or destroyed. Attached is a copy of letter dated February 15, 1945, summarizing this arrangement.

While this general approach appeared at the time to be a reasonable method to follow, the results obtained were not satisfactory, possibly for the following reasons:—

- (i) Airforce personnel who were acting really as agents for War Assets Corporation and selecting, in accordance with the list, that material that was to be scrapped, viewed the material strictly in accordance with the agreed list. It is probable that the list was compiled with an eye to the material being used for the purpose for which it was designed, and not with an eye to alternative uses, which alternative uses might *not* have any danger either to the user or the public.

To illustrate this I might mention a theoretical case of dry charged batteries, which if not used within a certain period deteriorate rapidly. The batteries, if they have gone past their time limit without being charged, might well constitute a danger if used in a plane, but might well give some further service if used in an automobile, or in conjunction with a lighting plant.

- (ii) The representatives of the Corporation who selected the articles to be saved and those to be scrapped, did not have a broad picture of what was saleable and was not saleable. This picture has been very considerably developed by experience over the last few months as can be well appreciated.

I might mention here that our current policy of making indefinite loans to Educational Institutions of material which would normally be scrapped, was not operating at the time the Penhold operations were going on and the adoption of this loan policy again changed the picture to a certain extent.

In August, 1945, it was realized that the arrangements referred to previously were not satisfactory and immediate steps were taken to effect cancellation and take corrective action.

Following this cancellation a procedure was instituted by the Corporation to cover the handling of scrap and the scrapping of material on a very distinct and firm basis.

Until such time as suitable regulations were established, operations relative to the destruction of surplus, the reduction of surplus to scrap or the mutilation of surplus were stopped wherever possible and starting early in January, 1946 written procedures and instructions started to come through placing the responsibility for scrapping operations directly with the Supply Department, with the Merchandising Department giving advice as required.

The attached copies of Supply Department Procedures numbered 399, 211, 210, and 207 are indicative of the routine that is developing. Procedure 399 is the basic procedure.

The Supply Department effective April 1, established a separate Division known as the Scrap Disposal Section. This Section is responsible for giving direction as to the reduction to and disposition of scrap. And specializes in developing correct ways and means.

In addition there has been appointed an Ammunition and Chemical Disposal Board, consisting of a representative from the Department of Reconstruction and Supply (Technical) Canadian Arsenals Limited and two members from War Assets (Supply and Sales). This Board is required to review all declarations covering Ammunition and chemicals and recommend disposition. The Sales Section must in all cases explore the possibility of selling before turning back to the Board for further action, which might involve destruction, reduction to scrap or mutilation.

It might be noted here that the Merchandising Department which is responsible for all sales cannot reduce surplus to scrap, neither can it destroy or mutilate surplus; these functions being entirely under the control of the Supply Department.

In conclusion, I might add that this particular problem of disposal by destruction, reduction to scrap or mutilation is one of the most difficult phases of our operations. I have tried to indicate the difficulty of giving specific written instructions to various members of the Corporation to whom authority has to be delegated—we must, as in all business, rely in such circumstances on the common sense, integrity and loyalty of our people to formulate correct decisions and the management must provide them with the best possible information available, so that their decisions may be sound.

Now, There are attachments to that statement.

The CHAIRMAN: Considered as read, gentlemen?

Mr. McIRAITH: It is already in evidence.

The CHAIRMAN: Considered as read, but they are already in the evidence.

Mr. SMITH: I wouldn't mind having just a second to read it myself.

The CHAIRMAN: There is nothing to prevent you Mr. Smith.

Mr. SMITH: Don't wait on my account.

(Following are letters attached to the above statement read by Mr. Berry)

WAR ASSETS CORPORATION

File Ref. 218-12D-1

February 15, 1945.

The Secretary,
Department of National Defence for Air,
Lisgar Building,
Ottawa, Ont.

DEAR SIR:

re: *Disposal Category "E" Equipment*

With reference to the conference held in W/C Meilk's office on Tuesday, February 6, 1945 with S/L T. T. Harris, Mr. Slemon and Mr. Mahoney of this Corporation, at which a study was made of the attractive items of Category "E" Equipment being held in the whole state at various R.C.A.F. Depots and Units for disposal, it has been decided that articles in the following R.C.A.F. Vocabulary Sections, Miscellaneous articles selected from other Sections, together with certain Appendix "A" items for representative types of aircraft should be retained in their whole state and declared periodically as Scrap, listing the articles involved. It will not be necessary that this list be priced.

- Machine Tools and Spares
- Machine Tools Accessories
- Work Shop Equipment
- Airdrome Equipment
- Air Compressor and Servicing Trolleys
- Aircraft Ground Equipment
- Lifting and Haulage Tackle
- Navigational Equipment
- Gaseous Apparatus
- Small Arms
- Drawing Instruments
- Cameras
- Kinematograph Projectors and Lanterns
- Man carrying parachutes
- Floats Life
- Bicycles and Spares
- Musical Instruments
- Camp Tentage and Equipment

Miscellaneous Items:

- Bells, Electric
- Buzzers, Electric
- Motors, Electric
- Motor Generators
- Regulators Voltage
- Various types of Switches
- Testers, Cell Circuit and Fuse Megger
- Transformers
- Clocks
- Watches
- Chronographs
- Binoculars
- Field Telephone Sets

Wireless Telephone Test Equipment
 Fire Extinguishers
 Cushions, Aircraft
 Dinghies
 Fuel Tank, Main. gals.
 Fuel Tank, Aux. gals.
 Fuel Wobble Pump
 Hydraulic Hand Pump
 Hydraulic Jack Bomb-bay
 Hydraulic Jack Flap
 Hydraulic Jack Undercarriage
 Air Tank
 Wheels, Tires, Tubes: main tail
 Oleo Legs, L and R
 Tail Shocks and castors
 Compasses
 Sprocket chains and wheels

It is to be clearly understood that all R.C.A.F. Equipment not listed above and which is written off and placed in R.C.A.F. Scrap Bins is to be mutilated beyond possible repair. In this connection it is requested that instruction be given that mutilation must be carried out under the supervision of a competent officer or Senior N.C.O.

It is desired to thank the officers concerned for the valuable assistance given our representatives in the preparation of these lists.

Yours very truly,

WAR ASSETS CORPORATION

(Signed) J. R. DOUGLAS,
Chief, Aircraft Division.

TCS/MC

WAR ASSETS CORPORATION

SUPPLY DEPARTMENT PROCEDURE

Subject: Material Categories.

To assist the Merchandising Department in disposing of available surpluses it is essential that they be fully aware of the condition of the Material reported under each classification. This is accomplished by a code of letters indicating the category in which the material is placed by the Plant Clearance inspectors. This code is as follows:—

“AN” This category indicates the highest grading of materials and only items with a brand new appearance in original packaging and with a definite “quick sales appeal” should be classified “AN”. Raw materials find their way in this category providing they have the above qualities. Items in this class should return a large percentage of their book value to the Corporation.

“A” Any article or material that can be turned over to the Merchandising Department and sold in its present state from sample comes under the “A” category. For example, tools, standard plumbing fittings, nuts, bolts, screws, or domestic items. Many of these items would have been under the “AN” category if in original boxes but the fact that they have been in bins and exposed for some time, places them in “A”. When items are

placed in this category it is most essential that a complete description be given such as size, gauge, type of material, horsepower or motors, steel specifications, capacity of cutters, etc., in fact a complete pen picture of the item so that the various Sales Divisions will be able to do a good selling job.

"AU" Material under this category is actually the same type as "A", and can be sold by turning over the sample to the Merchandising Department, but because it has been used or has the appearance of being used, it is necessary to designate it as "AU" (A Used) so that it may be correctly represented by the Merchandising Department.

"B" This is the most difficult of all categories. Materials that require further processing belong here. Standard items not in regular lengths or partly processed but with a high salvageable value also find their place under this classification, such as rough castings for standard fixtures. Finished items that would ordinarily be scrap but due to their weight would bring a negligible value would also be placed under this classification with the idea in mind of warehousing all such items and offering them for sale to the various manufacturers interested in materials of this type. We feel that the Corporation will profit more by this handling. For example, an item of mixed materials may weigh a quarter of a pound, being sold for scrap at approximately \$5.00 per ton, the Corporation's realization would be $\frac{1}{4}c$. By listing this article as a "B" item, we have a chance of realizing possibly twenty times as much as if sold as scrap or "X": this category must also be thoroughly described.

"BP" Highly technical equipment that has been especially designed for particular use but with some research may have high salvageable value would be placed in this category. Materials that although especially made for a particular job, but with a small amount of processing would have a commercial use would also be classified "BP" i.e. Brake linings and brake shoes with slight modifications may be used for some other type of vehicle, or another item with a nickel plating or chrome job might become a standard fixture.

"X" All materials (ferrous metals) that have been processed for a particular job and cannot be marketed in their present form, are classified "X". All special assemblies that cannot be substituted for a standard also go in this class. Damaged or corroded items likewise come under this category as also do short lengths or small pieces of standard materials, fittings with non-standard threads, and standard items that have special brackets or arms welded on, the removal of which would be too expensive to be practical.

NOTE.—All items peculiar to marine equipment exclusively must be designated by an asterisk in addition to regular category.

"XX" All items which, from the nature of the materials used in their fabrication, and definitely having no resale or scrap value, should be put in this category. For example, small parts of bakelite or leather, especially drilled or processed. Articles made of paper would also find their way into this category.

"XA" *This is preferred scrap.* Under this category will come metals that by their nature have a higher value than steel or iron, metals included are copper, bronze, or any other alloy that has a scrap value in excess of ordinary scrap. Plexiglass also comes under this heading. Only parts

or assemblies composed entirely of one metal should be placed in this category. Other items of mixed materials should be shown under "X" and the approximate percentage of each metal given. For example, copper 70 per cent, steel 20 per cent, brass 10 per cent.

To assist the Scrap Division of the Merchandising Department in disposing of scrap, care should be taken to group scrap reported in the following classifications:—

FERROUS SCRAP—IRON AND STEEL

Electric Furnace Iron & Steel Scrap.—Consists of preferred Iron and Steel Scrap, which may include rough, semi-finished or finished parts, etc., the individual pieces of which must be free from projections and attachments and which will lie reasonably flat in an electric furnace. Pieces should be $\frac{1}{4}$ " or over in thickness and should not exceed 18" in width or 24" in length. Individual pieces should not be over 150 pounds in weight.

Heavy Melting Iron & Steel Scrap.—Consists of Iron and Steel scrap over $\frac{1}{8}$ " in thickness and not exceeding 18" in width and 5 feet in length; includes Flat, Round, Hex, etc., Bar Stock and larger rough, semi-finished and finished Parts, Structural Shapes, Angles, Steel Castings, Heavy Chain, Heavy Forgings and similar heavy items within the above size limits, and all in this classification must be of such a nature (without projections, etc.) as to lie reasonably flat in an open hearth furnace.

Mixed Iron & Steel Scrap.—In general, this classification takes care of all items that cannot be classified as "Electric Furnace" or "Heavy Melting". In a pile of scrap, even though the pile may contain Electric Furnace or Heavy Melting Items, if not separated and classified, the pile must be sold under the Mixed Iron & Steel Scrap classification. It is sometimes called "Oversize Heavy Melting" and includes all steel and iron scrap over the sizes and weights as specified for Electric Furnace and Heavy Melting and cover Bar Stock and Shapes, Forgings and Castings (except cast iron and malleable iron) whether large or small, with projections, etc.

Bushelling Iron & Steel Scrap.—Consists of light sheet, strapping and similar items.

Cast Iron Scrap.—All cast iron castings.

Malleable Iron Scrap.—All malleable iron scrap.

Turnings.—There are two kinds, namely Carbon and Alloy Steel, and three classifications: Crushed, Fluffy and Mixed. Since production on shells, etc., has terminated it is unlikely that this particular classification will be encountered.

High Speed Steel Scrap.—Consists of short ends of high speed Steel Bars, Broken Drills, etc., and should be reported separately if possible on account of its high recovery value.

Alloy Steel Scrap.—Items such as Manganese Steel Tank Treads, Armour Plate etc., should be designated as such.

Contaminated Iron & Steel Scrap.—Where the major portion of an item is manufactured of iron or steel, for example a large gear wheel with a small brass bushing, it should be reported as steel contaminated with brass. Other iron and steel items contaminated with any other metal should be specified naming the contaminating metal.

NON-FERROUS SCRAP

Major Classifications:

Copper
 Bronze or Red Brass
 Brass, Yellow
 Gilding, Metal
 Aluminium
 Dural
 Kirksite
 Mazak
 Zinc
 Lead—Hard
 Lead—Soft
 Tin

Contaminated Items.—Should be reported under the major classification of which the item is manufactured, for example, large aluminium parts with small brass fitting should be reported as Aluminium contaminated with Brass. Other items should be reported in a similar manner.

Special Note.—Small Fibre, Bakelite, Hard Rubber and Leather Fabricated Parts of no commercial use should be disposed of by burning or dumping at the plant if at all possible to save expense, as there is no recovery to be obtained at the present time for scrap of that nature.

H. R. MALLEY,

Vice-President in charge of Supply.

Recorded and cleared:

C. T. MacKENZIE

Director of Organization & Personnel

WAR ASSETS CORPORATION

SUPPLY DEPARTMENT PROCEDURE

Procedure No. 211

Revision No.

Subject: R.C.A.F. Scrap "Code E"

Date, February 28, 1946.

1. R.C.A.F. Headquarters will raise one blanket declaration for each Region of War Assets Corporation to cover surplus scrap to be declared during the fiscal year of April 1 to March 31. The R.C.A.F. Code for this equipment will be "Code E". The blanket declaration will be forwarded to the proper Regional Supply Office of War Assets Corporation.

2. From time to time R.C.A.F. Depots and Units will submit lists of "Code E" equipment to be applied against this blanket declaration, direct to the appropriate Regional Supply Office of War Assets Corporation and will send an additional copy of the list to R.C.A.F. Maintenance Command H.Q.

3. The Regional Supply Office will have the surplus inspected, and prepare Availability Reports for submission to the Merchandising Department in accordance with established procedure.

H. R. MALLEY,

Vice-President in Charge of Supply

Recorded and cleared:

C. T. MacKENZIE,

Director of Organization and Personnel.

WAR ASSETS CORPORATION

SUPPLY DEPARTMENT PROCEDURE

Procedure No. 210

Revision No.

Date, February 28, 1946.

Subject: R.C.A.F. Surplus Repairable Equipment Code "D"

1. R.C.A.F. Headquarters will raise one blanket declaration for each Region of War Assets Corporation to cover surplus repairable equipment to be declared during the fiscal year April 1 to March 31. The R.C.A.F. Code for this equipment will be "Code D". The Blanket declaration will be forwarded to the appropriate Regional Supply Office of War Assets Corporation.

2. From time to time R.C.A.F. Depots and Units will submit lists of "Code D" equipment to be applied against this blanket declaration, direct to the appropriate Regional Supply Office of W.A.C. and will send an additional copy of the list to R.C.A.F. Maintenance Command H.Q.

3. The Regional Supply Office will have the surplus inspected and prepare Availability Reports for submission to the Merchandising Department in accordance with established procedure.

H. R. MALLEY,

Vice-President in Charge of Supply

Recorded and cleared:

C. T. MacKENZIE,

Director of Organization and Personnel.

WAR ASSETS CORPORATION

SUPPLY DEPARTMENT PROCEDURE

Procedure No. 207

Revision No.

Date, April 8, 1946

Subject: Scrap Disposal Section—Plant Clearance Division.

1. When surpluses are sold as scrap, it will be the responsibility of the Plant Clearance Division to reduce such surpluses to a condition where they cannot be reworked and resold in their original form.

2. Such surpluses are to be reduced to a scrap condition with the minimum effective effort. The Scrap Disposal Section, Plant Clearance Division is responsible for proper directions to the Regions to ensure that surpluses are reduced effectively to scrap.

3. Regional Supply Managers should appoint one or more Plant Clearance Inspectors to review surpluses sold as scrap. Plant Clearance Inspectors should apply to the Chief of the Scrap Disposal Section, Plant Clearance Division, Ottawa, for specific instructions when difficulties are encountered.

4. The Headquarters of this Section of Plant Clearance Division is at Ottawa, No. 4 Temporary Building, and is administered by:

Mr. W. O. McDOWELL—Chief, Scrap Disposal Section,
Plant Clearance Division.

H. R. MALLEY,

Vice-President in Charge of Supply

C. T. MacKENZIE,

Director of Organization and Personnel.

MR. JACKMAN: What am I to understand from this letter of February 15th which is addressed to the secretary, Department of National Defence for Air: it says in about the seventh line: "should be retained in their whole state and declared periodically as scrap, listing the articles involved. It will not be necessary that this list be priced." In other words the War Assets Corporation asks the R.C.A.F. to keep, in their possession I presume, surplus machine tools and spares, small arms, camp tentage and equipment, and so on. What happens after that, Mr. Berry? And to declare them periodically as scrap? What does the letter mean?

A. I think it is necessary to reply to that one by giving my understanding of the definition of category "E" equipment. I stand to be corrected on this because I have not checked with the air force as to the correctness of my statement.

Q. Just in simple language, what is the import of this letter?—A. By indicating definitely that category "E" equipment is equipment which is no longer serviceable for its intended use without repair and which is not considered to be repairable on an economic basis. The intent of the letter: going back again, we had at that time no supply department taking custody of the surplus and it was thought that the air force would retain custody until such time as War Assets Corporation sold the materials. When I took over the corporation in August I did not think we could carry that policy on for any length of time following the end of the war, because the services would of necessity have to reduce their manpower and would not be in a position to maintain custody, and we started to accept that responsibility of taking over as we extended our own supply department.

Q. This whole list sets forth articles which War Assets considers to be held for sale?—A. Yes.

Q. And would War Assets still be looking after them?

MR. REID: I take it that Mr. Berry in referring to this letter which covers things such as machine tools and spares, machine tools accessories, work shop equipment, etc., as designating these as parts to be destroyed?

THE WITNESS: No. These are the parts out of the air force vocabulary which we considered should not be destroyed. We had a list of the whole air force vocabulary of class "E" equipment. We went through the whole list and said, that should not be destroyed because it is saleable even although the air force does not consider it economically repairable, it may still be saleable in an unrepaid state; and the list in that letter (letter of February 15, 1945) is the selection made out of the complete vocabulary "E" list.

By Mr. Black:

Q. Have you any measure of the quantities of each of these classifications?

A. I could not answer that immediately. I do not know whether our records would indicate that.

By Mr. Murphy:

Q. A point I would like to clear up at the moment respecting this list is this: Who checks them over at War Assets from the R.C.A.F.? And I was wondering, along with that, if there was a stock list, I thought there must be at least a subsidiary stock list on hand some place, of the stock turned over to you or that you request?—A. I am afraid I did not quite get the import of the question. The list to which I am referring is what is known as the vocabulary, and that list contains the names of every item that the R.C.A.F. uses, there is no stock figure shown on that list. It is just a list of materials

by name, and we went through all of these lists and took out certain of these items by name and said, whenever any of these become surplus in category "E" do not destroy them.

Q. But you have no record of the amount of that particular stock or item?—A. As we take over there will be a record created.

Q. And that is kept on a stock sheet; is that the idea?—A. We keep stock sheets.

Q. Let us follow that through; let's suppose War Assets has occasion to make a request for stock of that kind, have there been occasions when they could not get an order filled?—A. I could not tell you. There may have been there may not have been. I do not request them, you see, the air force turns them over to me.

Q. And when it is turned over to you at War Assets you have a record of that stock; isn't that right?—A. Under previous conditions we did not carry a record. We do not carry a record until we take custody, and we only take custody and give a receipt for what we have been called upon to take over and actually receive.

Q. When you take custody do you take stock, or do you take the R.C.A.F. record?—A. We take stock of that of which we have custody.

Q. In all cases?—A. We are doing that now, originally we did not.

Q. For war plants, shall we say?—A. In war plants, we go in and take physical stock.

Q. You are sure of that?—A. Yes.

Mr. MURPHY: I have my doubts, and I have reason for saying that.

Mr. SMITH: Mr. Chairman, as I recall it Mr. Berry or somebody else was to supply us with a list of materials which had been destroyed. We have had the R.C.A.F. here and they could not tell us anything. Now we have you here as representing War Assets. Can you tell us the articles and their volume which have been destroyed?

Mr. PROBE: Mr. Chairman, may we stick to the letter for the moment and then return to Mr. Smith's question?

Mr. SMITH: I am coming to the letter.

The WITNESS: I am afraid I cannot provide such a list.

By Mr. Smith:

Q. Do you know anyone who could?—A. No, I do not; not a complete list.

Q. When we find ourselves in this position, that while millions of dollars worth—and that is not an exaggeration—of these have been destroyed, there is no one who can tell us what was so destroyed. That is the simple position.—A. I do not know the answer to that completely. I can say that my own records will not show that.

Q. Nor do you know, and you have your records from the R.C.A.F. records?—A. I have not requested any records on that.

Q. They were available to you, or had become us as you have taken custody?—A. I think I tried to explain that previous to September, October and November of last year, when we set up a supply department, we did not take custody, custody remained with the declaring department.

Q. Now, the R.C.A.F. state that they destroyed things and they had a receipt from you. That was the evidence given here last week. Now, is your receipt a general receipt, or is it detailed? If we had these receipts we might get something. And I put my previous suggestion to you: Your corporation does not know, nor do you know anyone in any other organization who can tell us either the quantity or the value of the articles which were mutilated or destroyed prior to last fall?—A. I have not made enquiries as to whether anybody else knows of them or not.

Q. The R.C.A.F. were here and they do not know, and you do not, it is very safe to assume that no one does, it is not? That seems logical—A. I do not know, personally.

By Mr. Shaw:

Q. May I just refer to a statement which was made before this committee by the R.C.A.F. in which the witness said this:—

I wish to make clear that this equipment was not destroyed until War Assets had given a receipt for it to the R.C.A.F.

It would seem therefore that we must have receipts and records in the possession of War Assets Corporation to cover these materials.—A. I am talking without specific knowledge now. I would imagine that those receipts were in the form of a blanket receipt rather than a detailed receipt, such as we are now able to take and are giving.

By Mr. Murphy:

Q. If I understand Mr. Shaw's question there, the statement by the R.C.A.F. staff or office, as the case may be, was to the effect that they had a receipt for these articles given by War Assets, so surely the receipts would show the quantity of goods.—A. It might show if they were reported to us under a category as items, and it might not apply to all stations. The receipt might have been in the form of so many tons of scrap, or so much of this—a net total which included all items.

Q. If it is, fine; if that is inventoried to you as scrap. And now, we know that in many cases what has been destroyed as scrap is not scrap; and we will show before this committee is through that articles which were new were destroyed as scrap. I do submit, Mr. Chairman, that we do want that list, whether it was inventoried as scrap or otherwise.—A. I am caught without my book on this one. I will have it investigated and see exactly what receipts we gave and in what form.

Mr. STEWART: Could the witness tell us in reference to this letter of February 15, how much of the material listed thereon was scrapped, and how much was sold?

Mr. HOMUTH: I think, Mr. Chairman, this letter of February 15—

The CHAIRMAN: Just a moment, Mr. Homuth; will you, please? There is a question before Mr. Berry now. Mr. Stewart, will you repeat your question?

By Mr. Stewart:

Q. With reference to this letter of February 15, can Mr. Berry tell us how much of the material listed therein was scrapped, and how much was sold? —A. I do not think I can tell you that, but I will have the records culled through and see if an answer can be provided. I think I indicated before that these parts listed here were kept in their whole state and not scrapped, and that all the other items included in the category "E" equipment—that is, not repairable economically—were scrapped on our instructions.

Q. But these were kept?—A. These items listed were kept for sale, do you see.

Q. I see.—A. Anything coming within this category was kept for sale.

Mr. STEWART: What we want to get at is what was scrapped.

Mr. HOMUTH: I think we ought to make it clear to Mr. Berry without any equivocation at all, that the other day the officers of the R.C.A.F. told this committee that they destroyed nothing that had not been first turned over to War Assets, they placed the full responsibility for the destruction of those

materials on War Assets. These things were sent over to War Assets for which they received the receipts and then they destroyed them after investigation. I think that was very clear to us.

Mr. McILRAITH: Have we got any evidence on that point?

The CHAIRMAN: Just a minute now; are you through, Mr. Homuth?

Mr. HOMUTH: What I want to say is this, that if that is so then the air force ought to have the receipts from War Assets, if it is not so, then we ought to know.

Mr. PROBE: Mr. Chairman, Mr. Homuth's statement should be qualified in fairness to War Assets just in one respect,—I am not upholding War Assets—in connection with mess equipment and cleaning equipment, for these two items, as I recall the evidence, the air force took full responsibility; but with respect to any other items destroyed they claimed to have acted on the instructions of letters, which we have now on file, from War Assets Corporation.

Mr. HOMUTH: That is the very point I wanted to make, as to War Assets being the responsible people. We had evidence before this committee by the air force officers who told us that War Assets were responsible for that action having been taken, and if we wanted to get any information about it we should be able to get it from War Assets. Mr. Berry's statement there makes it very clear that such is not the case.

The WITNESS: I am afraid I do not agree with you. I thought my statement was a clear indication that War Assets Corporation accept responsibility for the destruction of materials which have been reported to them as surplus in accordance with the air force vocabulary which was examined, with the exception of the items listed in the letter of February 15th.

Mr. HOMUTH: But that was prior to that. We are talking about certain dates mentioned in your statement.

Mr. REID: I think in fairness to War Assets it should be made quite clear that in the first instance the R.C.A.F. were the ones responsible for looking over the material and having it declared surplus to War Assets; who in turn directed its disposition, rather than War Assets taking material over and then declaring it surplus. I do not think that point has been made sufficiently clear to the committee, Mr. Chairman; and I thought it should be made clear at this point.

The CHAIRMAN: Mr. Shaw.

Mr. SHAW: I would like now, Mr. Chairman, to refer to the statement which was made on May 14th before this committee by the witness for the Royal Canadian Air Force. And I want to emphasize that this was not just a statement in answer to a question asked at the moment. This was a carefully prepared statement, on the last page of which reference was made to the change of policy in August, 1945, when War Assets withdrew their previous authority regarding saleable items explicitly exempt from the list of equipment which might be reduced to scrap, which is the policy in effect at the present time. Let me read to the committee sub-paragraph (e) of that statement (Page 262 of the Minutes of Proceedings of Evidence):—

(e) In August, 1945, when War Assets withdrew their previous authority regarding saleable items, explicit instructions were issued that no equipment whatsoever were to be reduced to scrap. This is the policy which is in effect at the present time. This was slightly relaxed by allowing items worn out in use and with no possible sale value in whole state to be reduced to scrap; i.e. such items as glassware, crockery, light bulbs, brooms, mops, etc.

4. In addition to the above, in certain cases War Assets made arrangements with the R.C.A.F. to carry out the physical destruction of equipment which War Assets had determined was of no marketable value.

This was done to avoid unnecessary handling and shipping to War Assets location and as a matter of convenience the R.C.A.F. personnel employed at the site where the equipment was lying were employed to carry out the actual work involved. In all such cases, however, I wish to make it clear that this equipment was the property of War Assets Corporation since they had given a receipt for it to the R.C.A.F.

I find myself disturbed as the result of this, and as a result of what is coming out this morning. It says, in effect, that War Assets have determined what was of no marketable value, and then had given a receipt for it. I think it is really ridiculous for us to have to accept the impression conveyed that we have not a complete list of receipts, at least in the hands of War Assets Corporation, referring to materials that were destroyed. I think it is important that we get that point cleared up.

The WITNESS: I think, Mr. Chairman, there is one thing there which needs clarifying, which is paragraph 4 of my statement, which I believe relates to what happened after the August letter—

Mr. SHAW: I read that.

The WITNESS: —from which time on we have been establishing our supply department giving reasonably detailed receipts.

Mr. STEWART: I wonder if it would clarify the situation somewhat if we were to refer to a statement made on the 27th of November, last year. I think this small paragraph indicates the position clearly:—

In February of this year representatives of the aircraft division met with representatives of the Department of National Defence for Air to develop a routine for handling reports of surplus of damaged articles. It was agreed among them that such articles should not be fully described in reports of surplus and, except for a list of articles which in the opinion of these men, was significant or valuable even in a damaged condition, all such damaged articles should be reduced to produce and the resultant produce sold as scrap.

From that paragraph it would appear there is no list available at all on that which was reduced to scrap.

Mr. PROBE: May I draw the attention of the committee to information given by the air force that they listed very carefully quantities mutilated. There must be some record. Possibly we are asking the wrong witness. As I say, there must be some record of what was mutilated, because I hold in my hand a long three page list of articles which were mutilated at Penhold. I think a special inquiry was made about what was destroyed at Penhold. I draw your attention to the fact that there was a list of the material to be mutilated or destroyed. We have it clearly in evidence.

Mr. CHAIRMAN: I think the purpose in having the two witnesses here today, namely one from the War Assets Corporation, and one from the Royal Canadian Air Force, was to straighten out any misunderstanding that might have arisen on this question. Group Captain Millard, have you any statement to make along this line?

Group Captain MILLARD: Yes, Mr. Chairman, I would like to make a statement about the Penhold list of mutilated equipment. It is in specific reply to a query voiced before the committee by Mr. Shaw. Mr. Shaw asked a question as to the extent and value of equipment that was mutilated at Penhold, and I had to say in reply that I was unable to furnish the committee with such a list because our regulations did not require that any such list be kept; and I did not know of any local list that might have been taken at the time. I said I would try to get at any list which was prepared locally. I am informed that they had at least a partial list prepared in the office at Penhold from the best

available information at the station as to what was destroyed there, at the time of A/C Tackabury's visit. But that is a locally prepared list. As I indicated before, knowing that material was destroyed,—from amongst this material subject to mutilation, if the fullest possible story on any item is required, we will have an exhaustive survey made, and if necessary we are prepared to take these steps, even to the appointment of a court of inquiry to find out all we can about what took place, and what was destroyed, in so far as that can now be done through taking the evidence of persons who were present and participated in the event, or who may have any knowledge of it. But there is no list available of the stuff which was mutilated or the general authority contained in the letter from War Assets dated February 15. Are there any other questions?

Mr. REID: Can you not get the quantity? This list I hold in my hand gives a list of the articles mutilated at Penhold. Was that done entirely on your own responsibility as an air force, or was it done in consultation with War Assets? It would help to clear the matter up if we had that information. That, apparently, is what is being withheld.

Group Captain MILLARD: That mutilation was done entirely by the air force, done under the general authority of the War Assets letter of February 15, which was presented earlier.

By Mr. McGregor: (to Mr. Berry)

Q. While we are on this letter of February 15, just what does that letter mean? This is a letter from War Assets to the Secretary of National Defence for Air, so I take it that list was supplied and these were the items that were picked out as goods that were not to be destroyed.—A. I will follow that up by saying that the whole list was examined, but the type of equipment in that list covered by our authority to scrap was confined to category "E" equipment which was not considered saleable. Any category "E" equipment which became surplus and was not on the specific list that appears in this letter, the air force had authority from us to dispose of as scrap.

Q. To dispose of the balance of the list?—A. By scrapping, reducing to produce. Anything that was in this list they were not supposed to scrap. They were supposed to hold it in its present unrepaired state until such time as War Assets Corporation took final custody of it and arranged for a sale.

Mr. McILRAITH: And that applied to articles in category "E", only.

By Mr. McGregor:

Q. In other words, you had a general list which pointed out those articles in category "E" which were to be held for sale, and those which were to be scrapped.—A. Yes.

Q. What became of the other half of the list?—A. I was referring to the air force vocabulary which is a long list of I do not know how many pages.

Q. I think we are trying to locate such a list. Everybody around this table has said that there is a list some place. The question is, who has that list?

Mr. McILRAITH: It is already in evidence.

Mr. MCGREGOR: Where is it?

Mr. McILRAITH: It is the vocabulary of category "E" items.

Mr. MCGREGOR: It that the list of the stuff that was damaged?

Mr. McILRAITH: No.

Group Captain MILLARD: There is a classification of equipment subject to mutilation in addition to that indicated in the letter of February 15th. That is contained in one of the papers which was circulated to members of the committee here today.

Mr. SMITH: I wonder if I might ask a question? I am anxious to do this while the representatives of both War Assets and the air force are here. What I want to know, what I think we all want to know, is this: The value and names of the articles which were destroyed. We want to know whether it is a million, ten million, or ten dollars. Our position is this. The stations carried certain records and they at least know what they had. We want to be able to tie these two things in together, the quantity and the value. We want to find out what has happened, if something has been run over by bulldozers—we had a statement to the effect that that was done. Is it not possible to get these figures: first, as to the articles destroyed and, secondly, their value. I think that is what we are all looking for. You are both here and you know what it is. If you cannot give it to us, say so. If you can, take your time, but get it for us.

Mr. GOLDING: We have a letter here indicating that up to the 23rd of February, 1945, no material was mutilated, so that we only have to consider the destruction of equipment from that date on.

By Mr. Probe:

Q. May we stick to this letter for a minute. I have been trying to get at this letter for fifteen minutes. As I understand this matter, and this is where I would like Mr. Berry's advice; his department after a conference with certain air force officials revised, or put down on paper, a certain policy for scrapping, or mutilation. Those are the only two things covered, and they are covered only with respect to one type of equipment, category "E" equipment, which in my understanding represents, in "E" category, the same idea as the physical categories applying to human beings, I suppose no longer fit for active service. And this "E" class of equipment is so classified because it is no longer safe or airworthy for them to handle. Roughly, that is the idea; although, what binoculars or watches have to do with that, I do not quite know—except they are losing time, or there may be something wrong with one of the prisms of a binocular—but generally equipment in that category is no longer fit for use. As the result of evidence this letter was framed to tell the air force officials across Canada that this equipment as listed in the letter of February 15, 1945, was not to be destroyed but after being declared surplus was to be held by War Assets until a sale could be made; and that all other equipment in this "E" category was to be mutilated. What I want to get at is, was that the correct meaning and purpose of this letter? A. That is my understanding for the situation exactly.

Q. Even if that is so, then, I think that the conference that framed this decision—because it was the result of a conference and not due to War Assets solely,—although I think War Assets should take the responsibility?—A. Yes, War Assets takes the responsibility.

Q. They have put into a scrap category because the equipment was "E" category in air force terminology, they have put into it equipment which was quite valuable for civilian use. I wonder if Mr. Berry can show me if I am wrong there?—A. No. As a general statement, I think that is perfectly all right. I would like to give you an example of what happens when we go through this list.

Q. You decided that all this should be scrapped?—A. With the exception of those items listed in the letter. If there is a machine tool in category "E" then it is not to be reduced to produce. For example, take a pair of compasses or drawing instruments. There might be a couple of adjusting screws which could not be replaced, and to the air force it would not be economical to repair them. But we would say: no, that could be easily repairable by somebody in commercial life: so we say, do not break them up by bending the points. Leave it as it is, and we will see what we can do with it.

Q. As scrap?—A. No. We take these items out of the scrap category and we try to sell them as articles and not as melting-down scrap.

Q. May I just read from the letter of February 15th, 1945: "It has been decided that articles in the following R.C.A.F. vocabulary sections, miscellaneous articles selected from other sections, together with certain appendix "A" items for representative types of aircraft should be retained in their whole state and declared periodically as scrap, listing the articles involved?"—A. That is the R.C.A.F. category of their stuff, as scrap. But we do not catalogue this stuff as scrap ourselves. We deal with them as items, not as scrap.

Q. But what do you mean by that "periodically as scrap"?—A. As being non-saleable. Quite a large part of it was saleable as items.

Q. All right. That is all I wanted to know.

By Mr. Murphy:

Q. There seems to be a lot of scrap and I was wondering who got it. I think that follows up what has been discussed here this morning. I wonder if this scrap was in different categories, or who categorizes it, and if new material or unused material was recorded as scrap by War Assets; and I would like to know, and I think we are entitled to know, who are the scrap dealers that purchased this scrap. We are going to find that it runs into millions and millions of dollars. So much of it was involved, Mr. Chairman, that I think we should know the names of the purchasers, and what they did get, and where they got it, and what they paid for it?—A. Could I just make a statement relative to that. It is not an answer to the question. We are always faced with this problem in relation to scrap. We have been going to manufacturers' plants and their inventories would be cleared and checked so that they can be paid for their inventories at the termination of their contracts.

Q. What is that again?—A. We have been going to manufacturers' plants and clearing and checking their inventories so that they could be paid at the termination of their contracts. Their inventories are all checked so they may be paid under the terms of their contract arrangements. When an inventory is checked, there may well be a lot of half finished parts in the inventory which are paid for as half finished parts to the manufacturer, and he is paid the cost of half finishing them. But when those parts come to us, they are, in a large number of cases, only suitable for putting into the melting pot. So, although the records of termination of inventory claims will carry a complete inventory of all those half finished parts, nevertheless, when we get them, we categorize them as so many tons of scrap. We do not carry it as so many half finished, say, front wheel hubs, or so many half finished gear blanks, and so on. They are simply carried as so many tons of scrap in our records. So, at no time can I give you the total number of individual items that have been scrapped. I can give you the weight of scrap. Otherwise I would be spending a tremendous amount of money listing a tremendous amount of stuff and carry inventories of stuff, which is going back into the melting pot.

Q. We have heard a lot about \$4,000 questions. Sometimes they are worth it. I understand that the witness is giving an explanation but not an answer?—A. Correct.

Q. I believe this is a very very important point. The witness said, a while ago, that he has never requisitioned from head office to any storehouse for goods that were not filled. I would like to have him check up on that.—A. I do not think I made that statement at all, if you will excuse me. I would be very surprised if I did.

Q. Well, if you will be good enough to check up on that; not now, but later, and we will accept an explanation of that. I think we are very much concerned as well with who determines what is and what is not scrap. I am also very much concerned about these particular inventories, whether in this

particular locality or not, that, when you come to requisition the goods, whether the goods are there? Now, if they are not there I submit that we should have a record of what you are not able to have filled? Those goods would have disappeared?—A. We do not requisition. I tried to make that clear to you before. We do not requisition anything. We are told that certain material—this is following on the establishment of our supply department, when we started last October or December—we receive a report of surplus that comes in to us, let us say, 12 typewriters. Then we send our people into the place where the 12 typewriters are supposed to be; and let us say we find only 10. So we give a receipt for only 10. We do not give a receipt for 12.

Q. You did take stock, but you did not take the local office records for what stock was on hand?—A. The local office records—we do not have any records except those we have made ourselves, at any office.

Q. When you go into a plant, do you take a personal inventory?—A. Not of necessity completely; because, if we go into a plant it is quite probable that the contract termination board have been in there and have checked that plant completely.

Q. Who has the list of what should be there?—A. They have it.

Q. The list would be at Montreal?—A. When we have to check an inventory list, we do not check it completely but we would make certain spot checks. The government has already checked that list once, through the contract termination board.

Q. And after certain quantities are taken from that list and sold, a list should show the balance?—A. Correct.

Q. Have you ever asked for that balance and not got it?—A. Yes, we have. We have found, when inventories have been taken and when we went to get the material according to that inventory that the government has paid for, we have found items not there, and we have billed the contractor back for the original cost of those items.

Q. Suppose that inventory has been taken over by War Assets after the contractors have left the job?—A. Then that becomes our responsibility to safeguard that material.

Q. And if the material disappears, that is a loss by War Assets?—A. Correct.

Q. Have you found, in your examination, any great losses?—A. There have been losses, yes. I could not give you in detail what they are.

Q. Can you give us an idea now or later?—A. I could have a look at it; I could not tell you now.

Q. The reason why I press the point is because I think the amount is no small amount.—A. I have no knowledge of any big amount.

Mr. REID: I have before me a statement.

The WITNESS: Could you name any point that you would like to have checked; it would make it so much easier because if I go into this thing, I have 2,000 odd reports of surplus a month coming into me, nearly 2,500.

By Mr. Murphy:

Q. Maybe you could give us first the information about which you have a record now, where you know there has been a discrepancy; and then, may be I could supplement your memory for records?—A. If you would give me one place.

No, I suggest that Mr. Berry, as he admits now of knowing of certain discrepancies, if he will furnish us with that that may be the list I want; and if it is not, I will be glad to give him my cooperation.—A. There are two, actually two things I will try to get for you; one is the approximate value of the material we have invoiced back to the custodians, who are supposed to have that material but who have not got it; and also I am to see if I can find out what material we have taken over which later, it may be, is missing from our warehouse, or while under our custody.

Q. Can you also tell us if the articles you have charged back, say, to those contractors, for property which is missing, how much it is; who they are, and if you have recovered?—A. I will try to do that, but I suggest it will be a man sized order. I will get what I can on that, Mr. Chairman.

By Mr. Reid:

Q. My question was with regard to the statement placed before the committee at the last meeting, with a view to getting the matter cleared up in my own mind. I think the procedure was this: up until February 1945, discussions have taken place between War Assets Corporation and the R.C.A.F.; and out of those discussions War Assets was to place before the R.C.A.F. a list of articles which War Assets considered would be saleable. The balance was to be made into scrap by the R.C.A.F. Then, in March 1945, physical reduction to scrap metal was stopped and nothing was stated until we come to August 1945 when War Assets withdrew their previous authority?—A. I think that was stopped in August.

Q. You think it was stopped in August. So, up until the month of August, then, you simply placed before the R.C.A.F. a list of articles which you considered would be saleable, and R.C.A.F. went ahead and made all the other material into scrap?—A. That is roughly so, provided it came within category "E", from the R.C.A.F.

Q. Then what took place from August?—A. I thought I had dealt with that fully in my brief. From August we started to get this supply department of ours organized and under way. We stopped reduction to scrap at that time, and we got our inspectors to go and view this stuff and authorize, by physical view, whether it was to be reduced to scrap or not. I cannot say that we are 100 per cent perfect at this thing, because you cannot get these things operating perfectly in the time we have had to get moving.

By Mr. Smith:

Q. May I ask a question arising out of the bottom of page 2 of your statement, you say "typical examples of this type of material, that is, the reduction of surplus to produce or scrap, that: "this term implies that the material has no known use in its present form and the only way in which the material can be used in the peace time economy is by melting it down. Typical examples of this type of material are complete tanks, guns, and semi fabricated or even fabricated parts or components of warlike apparatus which are not used in commercial life."

My question is simply this: do you know whether or not obsolete tanks and obsolete guns were returned from overseas and here reduced to scrap in Canada, taking particularly tanks, as I have heard that was so?—I think that answer could more correctly come from the national defence, army; but to my knowledge, I do not think any have been returned and scrapped; at least, I have no knowledge of that being done.

Q. Would you mind turning to the next page, page 3. The second paragraph on that page reads as follows:—

Examples of material covered by this category might well be aeroplane engine parts for which authenticity or pedigree certificates are not available. Obviously in the public interest, it is not safe for unorthodox repair parts to be used in repairing aeroplanes, as the use of such parts might well constitute a danger to the public at large as well as to the operators of the plane.

Q. Now, how can it be that the air force would be in possession of parts whose authenticity and pedigree were unknown? I cannot understand it.—A. The authenticity and pedigree are of concern to the R.C.A.F. in that we have an awful job to keep them separate. For instance, a large percentage of parts would not be useable in the air because they are meant for a special combat type of plane.

Q. Surely the air force would not have any engine parts the authenticity and pedigree of which they do not know?—A. I quite agree.

Q. Then, please go ahead with that, in view of that, because I cannot understand it at all?—A. I believe that in the air plane repairing business there are certain recognized dealers who only deal in authentic or pedigree parts. Once you have sold those people their entire requirements or estimated entire requirements for certain planes that may continue in service, you have no market for the balance because you cannot issue an authenticity certificate beyond the point of an authentic dealer.

Q. Suppose I am running an air force plane, and I buy a spare part for my plane, for my engine. Surely I am not buying a part for the engine which is not authentic and pedigreed for that engine?—A. Correct; but when the air force reports them as surplus to us, unless we dispose of them to an authorized dealer, then they lose their authenticity and pedigree.

Q. That is not quite what you say. You say, obviously, in the public interest it is not safe for any unorthodox repair parts to be used in the repair of aeroplanes?—A. My point is this: take, for example, a connecting rod. It is possible to make a connecting rod for an engine out of mild steel, that will look exactly the same as the authentic alloy steel rod.

Q. Surely the air force does not do that?—A. But if these get into the hands of unscrupulous dealers, you might find some mild steel ones mixed up with the authentic parts; so you cannot sell them as authentic parts or pedigreed parts except through the correct channels. The air force has nothing to do with it, actually.

Q. You would not get any unauthentic or unpedigreed parts would you?—A. Correct.

Q. Then, you are selling these things; so you would not be selling any unpedigreed or unauthentic parts, would you?—A. Correct.

Q. Then, why are you doing it? The parts you sell are good parts?—A. Correct.

Q. Then, what are you worrying about? You never had any unpedigreed or unauthentic parts?—A. If they should get into the hands of the wrong people, people not recognized as dealers, then they lose their authenticity. There may be some unscrupulous people who would make spurious parts.

Q. But you are not responsible for what everybody in the country does?—A. If I cannot sell them to authorized dealers who can I sell them to?

Q. Because you could not sell them?—A. Through the various authorized dealers.

Q. That is different from what the paragraph says?—A. I am elaborating on the paragraph; I tried to keep this brief fairly short.

Q. Well, there is a distinction between elaboration and contradiction. I think we have got nearly to the latter, I would say. And now, about the middle of the page you say:—

I might mention here that we find it most difficult to define in writing, for procedural purposes, what is scrap or what should be reduced to scrap.

Now, according to the new scheme you have, there are inspectors. You must have a certain amount of inspectors to do that?—A. Correct. That ties in with the last paragraph of the brief as well.

Q. Then, the next is ball bearings. In the second paragraph of page 4 of your brief you say:—

This ball bearing case is typical of many other items. Action has to be taken by the corporation to the best of our judgment, otherwise our cost of storing material on the basis of "well, we might get something for it some day" would, in the final analysis, exceed our recovery.

Q. Don't you think that word should be "might", because it all depends upon how soon you sold it?—A. Yes, I would accept that correction.

Q. You would change the word to "might"?—A. Yes.

Q. Then, going down to the bottom of that page; I think you have already explained about category "E". I think that is the reason why I marked it. I did not know what it meant. Then, on page 5, the last three paragraphs; I had marked them because they related to destruction. I am going to ask you this question, and I will not ask it of you again. Is it possible, Mr. Berry, for you, with your able assistants, and the very able gentleman from the air force, to tell this committee what value, what cost value of material has been destroyed, and what the items are, something similar to the Penhold thing which has been given to us? Is there no record anywhere which will be accurate as to the destruction? I won't ask this question again?—A. It is very difficult to define. I do not think, in those terms, there is a record of what we have destroyed in accordance with my definition here—I do not think there is a record of what was reduced to produce or scrap; that is the second point, but I would like—

Q. I understand, according to your letter of February 15, you said, in effect, do not destroy these things and that they should be retained in their whole state. I am satisfied with that; but you made subtractions there from some larger list, and is it safe to assume that the balance which was left meant destruction? Is that a sage assumption?—A. The list we went to was the vocabulary, but it showed no quantities or anything; and as each surplus item came up, the air force would determine whether it was to be kept or destroyed in accordance with the February letter. I won't say destroyed, but rather reduced to scrap. If there were any items surplus not in the February letter and which came up in category "E", then the air force would reduce them to scrap in accordance with our instructions.

Q. Surely, by using subtraction, we could get that list?

Group Captain MILLARD: There is a list of classifications representing subtractions. This you have, and it is a comprehensive document which gives details of the items which were subject to mutilation at that time.

Mr. SMITH: Then, I will ask this: I assume that the air force will have its original receipts for this material. Will the air force, at their convenience, produce them? We want to see them, and see if we cannot learn something from them. If you fellows cannot give us the material, we might be able to get it from those receipts?

Group Captain MILLARD: May I interject there: as I stated in my evidence before, we did not receive receipts for category "E" repairable equipment which was subject to mutilation in accordance with the letter of February 15. We did not receive individual receipts from War Assets of what was to be destroyed under the general authority. The only receipt that was obtained was a blanket receipt for so many pounds of scrap metal involved.

Mr. MCGREGOR: Where did you give a report to War Assets of the quantity of goods that was scrapped?

Group Captain MILLARD: We did not inform War Assets about the details of what were in the scrap pile. It was merely reported to them periodically as so many pounds of scrap metal.

Mr. MCGREGOR: And this is a list of what was scrapped?

Group Captain MILLARD: It says there, from February 23, to March 23, items falling under the following classifications of equipment as detailed on the attached lists, (that is, the big list), and not marked with an asterisk, may have been mutilated when repairable and surplus, or when entirely beyond repair. And further on, under paragraph 3, we say that the period from the 23rd March to the 28th August, items falling under the following classifications of equipment as detailed on the attached list "B"

(and not marked with an asterisk), may have been mutilated when repairable and surplus or when entirely beyond repair. Boiling all that down, it means, when we talk of the big list, that those are items for which we issued stop repair orders, and which might have been subject to mutilation during the period we mentioned.

Mr. MCGREGOR: I think we should congratulate the witness, or both the War Assets Corporation and air force, on complicating things so that it becomes pretty hard to understand what anybody means. I think they have accomplished their purpose pretty well, but they are certainly not going to get away with that. For instance, here we have on this list, those destroyed, small tools. Now, I wonder why they would destroy small tools? I suppose you have a list of those small tools, if you want to produce it? You said the other day that it would be produced?

Group Captain MILLARD: Mr. Chairman,...

Mr. MCGREGOR: I think you stated it could be produced, that list? That list is going to be produced before we get through. Now, miscellaneous wireless stores except field telephone sets, and so on. Now, if you had field telephone sets, what is the rest of it? You must have made reference to some others? If you have that document there and it is as good as you say it is, why do you not produce that list? That is what we are asking for, not some material that nobody can understand, but a list of the goods destroyed and the price of those goods? And you know that just as well as anybody else.

Group Captain MILLARD: Mr. Chairman, I do not know it.

Mr. MCGREGOR: Well, if you do not know it, you must be pretty dumb! The question has been asked here 40 times, and if you do not know it now, I don't know how anybody can make you understand it.

The CHAIRMAN: I am sure you do not want to make this a personal matter, Mr. McGregor?

Mr. MCGREGOR: I resent that. I want to tell you that I am not going to sit here on the committee and be made a damn fool of. Just because people will insist upon answering questions in such a way that nobody can make head nor tail out of them.

The CHAIRMAN: Would you be good enough to give us the page of the minutes where you say that the witness made a certain statement?

Mr. MCGREGOR: Well, there are about 10 days of evidence and I will have to look into it.

The CHAIRMAN: Please do.

By Mr. Shaw:

Q. As I have indicated on previous occasions, while I realize that probably a great many articles would be of non commercial and educational value and have been destroyed, I am more particularly concerned today about the vast quantities of radar and wireless equipment which might still be used for educational purposes, much of which is still in the hands of the R.C.A.F., and much of it, I am sure, is held by War Assets Corporation, and is stored here, there and everywhere across the country. May I refer to page 6 where Mr. Berry mentions:—

I might mention here that our current policy of making indefinite loans to educational institutions of material which would normally be scrapped, was not operating of the time the Penhold operations were going on, and the adoption of this loan policy again changes the picture to a certain extent.

Q. Now, prior to September 1, 1945, you did have, I believe, within your organization, men responsible for endeavouring to make equipment of educational value available to educational institutions? Is that correct? You had within your corporation someone who was responsible for giving particular attention to those aspects of disposal?—A. I believe that is correct, yes.

Q. Yes, and may I ask if that individual or individuals did issue directives to educational institutions respecting—not their rights, but their privileges—in connection with the securing of wireless equipment suitable for educational purposes? Did directives go out prior to August 1945?

Mr. McILRAITH: It should be July.

The WITNESS: I do not know. I would have to check that up.

Mr. McILRAITH: There is a difference between July and August.

By Mr. Shaw:

Q. Prior to the end of August, when this policy was changed?

Mr. McILRAITH: Yes, that would be technically correct, but only technically correct.

By Mr. Shaw:

Q. I happen to know it was about the end of August, or the first day or two of September; the scrapping went on at Penhold, though the directive ceased fire, as it were?

Mr. McILRAITH: Educational policy comes under the same type.

By Mr. Shaw:

Q. Prior to that I think an officer of War Assets Corporation did send out directives to educational institutions; at the same time you had liaison officers who were supposed to act between War Assets and the educational bodies. Is that not correct? Did you take into your confidence these educational representatives, these liaison officers, when it came to the disposal of, or prior to the destruction of, wireless equipment at Penhold, let us say? Did Mr. Ross at Calgary come up and look over that equipment at Penhold to determine whether it had any educational value or not?—A. Without knowing the facts, I should think it highly improbable that he did.

Q. Let us move on to the statement given to us this morning showing the R.C.A.F. to have \$2,287,000.02 worth of wireless, including radar equipment, in their possession, up to May 1, 1946; how much of this same type of equipment is held by War Assets Corporation at its various branches across Canada, up to May 1, 1946?

I should like to know how much of this same type of equipment is held by War Assets Corporation at R.C.A.F. storage places across Canada, the total value of it. I am sure that within the Royal Canadian Air Force you have a sufficient number of technicians to be able to determine within a short period of time just what part of this total amount you have listed of equipment having special value now is or could be made available. I say it could be listed, first, from the standpoint that it may be of use to the Royal Canadian Air Force; secondly, in the field of business, in the sense that it could be used commercially. And now, you have it stored, presumably—and I refer to this wireless and radar equipment—you have it stored in the hope that someday you may be able to dispose of it and make a little money for the government; is that not true? But the fact is that you might also hold it for six months, or a year, or two years, and find that you have made nothing so far as that wireless and radar equipment is concerned. I am saying now, therefore, that the War Assets Corporation working in conjunction with the Royal Canadian Air Force should immediately declare all this equipment available for educational institutions.

You have never pressed for a declaration with respect to making this class of equipment available to you, have you Mr. Berry; these cases of equipment of this sort which have not been declared to you, or other similar material, that have not been declared, with a view to making it available to educational institutions?

The WITNESS: So far as I know, all educational institutions through their various representatives have been notified and are notified when this type of equipment comes up so that they can look at it and select what they want. I would be very glad to present, or to have presented, a brief on exactly what has gone to educational institutions, and as to quantities.

Mr. SHAW: Yes.

Mr. REID: May I ask a question right there? If this equipment is so urgently needed for educational institutions, may I point out, Mr. Chairman, that it is of equal importance to fishermen, particularly to the fishermen of British Columbia. If a special plea is going to be made on behalf of educational institutions I feel that it is my duty also to draw the attention of those concerned to the value and importance of equipment of this type in the fishing industry; and, in saying that, I am speaking particularly of the fishermen at the Pacific coast.

Mr. SHAW: I am simply suggesting the importance of this equipment for schools, teachers and educational institutions. I should like to emphasize that. My concern is that we get rid of this material as soon as possible. I understand that War Assets Corporation have been trying to obtain it for about four months. Is that correct? I wonder if you have disposed of it? And I wonder, if you have not disposed of it, is it because wireless and radar equipment is a type of equipment which is hard to get and that is why they are holding equipment of this type to a value of \$2,125,000?

I wish to emphasize Mr. Chairman, that I should like to see War Assets Corporation take immediate steps, not wait for all the usual red tape that would keep you going otherwise for a year, to get rid of all the wireless and radar equipment, and so on. That is all taking up valuable storage space, and storage costs money, and with that is the cost of the men who are required to guard the stock and preserve it. Could you not in that way get rid of some of that cost and some of these buildings? If you could sell that now it would be better, as I see it, than holding it in storage, and it would be better to get it out into use than to have it stored away, would it not? I think I have made my point clear. I am quite concerned about this, Mr. Chairman, particularly where it is equipment which has an educational value, and I do not think it should be held until it has to be sold at a loss. I see from this list that it is not likely to be scrapped, as it is material which has some commercial value. There is one particular question I should like to ask Mr. Berry; when it comes to disposing of obsolete equipment, are you limited as to what you can accept; in other words, must you get ten per cent of the original value on it? Is there any sovereign instruction or policy governing your sales?

The WITNESS: The only thing which guides us in making a sale of this kind is the same thing which applies in all other cases; that is that we get the going market price. I might amplify that, the going market price as governed by the Wartime Prices and Trade Board ceiling wherever it applies.

Mr. SHAW: May I ask one more question. This may not be a fair question; but, if you found a great deal of this wireless and radar equipment suitable for educational purposes, would you be prepared, or would you be in a position to issue a directive making that available to institutions which require it?

The WITNESS: If that material is not considered to be saleable in the commercial market it is available now, providing it has been reported as surplus to the corporation.

Mr. SHAW: I want to emphasize this, that I would like to see the R.C.A.F. officers themselves at the earliest possible moment make that equipment available.

The WITNESS: That is their operation.

Mr. SHAW: They say it has been declared surplus.

The WITNESS: I have not seen that.

Mr. SHAW: We have been supplied with a list of the wireless and radar equipment to be disposed of by the R.C.A.F.

Mr. REID: Is not that radar equipment secret?

The WITNESS: We would not have any secret radar equipment.

Mr. REID: What about the wireless equipment, if the radar is secret, surely it is not.

The WITNESS: Radar equipment—I would like to make this statement; at the moment that is being turned over to Canadian Arsenals Limited, who are renting it out on a temporary basis for various purposes. I do not think any radar equipment is available for sale yet as radar equipment, but wireless equipment is for sale and distribution to educational institutions.

Mr. REID: I have a good many inquiries coming to me from fishermen and from fishing companies who are interested in obtaining equipment of this kind, and I would ask that they be given a chance of obtaining it ahead of educational institutions. They need it in earning their living, and I suggest that they have just as much right, if not more, than do the educational institutions.

The WITNESS: If radar equipment is available for sale, or can be made available for sale and it has a commercial market, then it will be sold in the commercial market.

By Mr. Murphy:

Q. There are just one or two points I would like to have cleared up, and I would like to refer back to page three for a more complete explanation of this paragraph—I might mention here that we find it most difficult to define in writing for procedural purposes what is scrap or what can be reduced to scrap. I wonder if the witness could elucidate that by defining it in writing; if he cannot do that, maybe he could explain it, and then I will pursue the following question?—A. I do not know that I can make a practical example. I know we find it most difficult in trying to arrive at a definition ourselves. We find it is nearly impossible to tell specifically what is scrap and what is not.

Q. Well, would you determine that some new material was scrap?—A. Not of necessity. We might be able to go to a man and say—let us take the case of a new tank, for instance, that is reported as surplus, a fighting tank; we would category that as scrap.

Q. Well, take for instance merchandise that would be marketable over the counter, that has not been used, you would not classify that as scrap?—A. If it has saleable value there is no question about that.

Q. It would not be sold as scrap?—A. No. It is the in-between decisions that make it difficult to determine what is scrap. Let me tell you about one item with which I am familiar: For instance, I know of front hubs for an automobile, that front hub may be of the type that is common only to wartime vehicles; or, it may be of another type which by changing it slightly it could be used on commercial vehicles. Some one has to decide whether it is going to cost more to change that to make it useable on commercial vehicles than we would get for it. If we find the cost of conversion would be too high, then, of course, we would scrap it, notwithstanding the fact that it would be new.

Q. I am thinking about those particular items which might be in the category of tools.—A. We do not scrap anything that is saleable as an article.

Q. But if it were merchandise, some of the people buy over the counter, it would not be scrapped ordinarily?—A. No, definitely not.

Q. And if it were sold as scrap it would be whose responsibility?—A. It depends on the type of scrap, we have various divisions.

Q. I am assuming that it is a marketable product, one that could be sold over the counter.—A. Then we would sell them as marketable products through the medium of wholesalers, they would be sold to the wholesaler who nominally deals in that material and in that way would get back into trade channels.

Q. It would not be sold at scrap prices?—A. No, no.

Q. You are sure of that?—A. Quite sure of that. We might have some minor items that might get by us.

Q. Errors of judgment might be little errors; I am not talking about little errors of judgment, I am talking about big errors.—A. Quite.

Q. Now then, in the sale of this scrap in any one locality, what is the general procedure; do you advertise it for sale by tender, or is there one party who is entitled to purchase that scrap through some arrangement made with him?—A. I think I might file for the committee our merchandising procedure, which is written up on the sale of scrap, which lists all the authorized scrap dealers across the country who are listed by the Wartime Prices and Trade Board and should be given an opportunity to purchase. I could from my own knowledge of the thing tell you that in the case of certain dealers, when it is found that they are getting more than their share of scrap, are dropped from the list for a while until the other fellow has had a chance to catch up. We try to keep it fairly well evened up. Then, that dealer is put back on the list. I know of one instance where that happened.

Q. Let us take the case of "Busy B"; you say that you have one scrap dealer at a point—by the way, would he get all the merchandise offered by contract, is that it?—A. That would be through contract, yes.

Q. Are there instances where these contracts have been cancelled?—A. I cannot tell you that offhand, I will check through the records. It is quite possible we have cancelled contracts.

Q. Would you give us also a record of those whose contracts were cancelled, and why they were cancelled, when you are giving us a list of these—A. Any scrap dealers whose contracts have been cancelled?

Q. And why?—A. And why.

Q. Now, Mr. Chairman, I would like an explanation of this. I think it will be interesting to Mr. Berry while he is here; will you give us a satisfactory answer?—A. I will try to.

Q. I will just take a personal experience. A couple of soldiers came down to purchase a gas shovel. As a matter of fact, one of the boys was from my own riding, and the other was from Toronto. They were interested in obtaining some gas shovels for excavating, and I 'phoned War Assets here to find out how these boys could obtain gas shovels, the shortest way around or through to obtain these gas shovels, they having a record of some gas shovels that had not been in use for some two or three years. Now, I was advised to 'phone Mr. Berry at Montreal, which I did, at a cost of ninety-five cents, and he tells me to have these boys see Mr. So-and-so; and I think I was given a letter to Mr. So-and-so. Yes. I gave the boys the letter. About half past one there was a telephone call from War Assets to me or to my secretary, to the effect that Mr. So-and-so was not the right man, that my boys had gone to Montreal. And they go to the office. I wasn't down yesterday, I do not know what the routine is there, but just from what they have told me it must be very interesting. The reception clerk tells them, we are expecting you and you should go and see Mr. B. And they go to Mr. B. and tell him what they want and what they know about these particular

gas shovels. He says, I don't know anything about it, you must have the wrong man, you go and get Mr. "C". So they get Mr. "C" and he says, well, it is not in my department, you better go over and see the man you were sent down here to see. So they go back to the man they were sent down to see, and he says, well the thing for you to do is to go back to Ottawa and go to the advisory commission. These boys made notes on this and they came to my office. So I call up War Assets to find out who their advisory commission is—the telephone being free. They give me the name of the secretary and I call him up, and he tells me that he is the secretary of the advisory commission, that it is the advisory board who determines these matters. So I call up the secretary of the advisory board, getting used to the telephone by this time; and he says, why in hell didn't they call our man in Toronto? I said, have you an office in Toronto? He says, I don't know, if we haven't we should have. I said, well, that is fine; are you the man that could give me the information I want; these boys want gas shovels and they know where there are some. He says, no, I am not the man to give you the information; but he says, I do not know if we have any gas shovels, I do not know what to do about it. We may have these gas shovels—I will put on a stenotype, or a linotype, or whatever it was, some of these machines that War Assets buy from companies that don't use them any more—and he says he will let me know in a day or two. That was six weeks ago and he has never let me know whether they have any gas shovels or not; the boys still haven't got their gas shovels. And I look up in the record to find what these people are paid, and I find that these responsible officers in the corporation in 1944 were receiving about \$34,000—I do not know what they were getting in 1945, nor what they may be getting in 1946. But there wasn't one of them who knew where they could get gas shovels, or how to go about getting one. I would like that statement on the record for what it is worth and that ends it.

By Mr. Smith:

Q. May I ask Mr. Berry this? I would like to know whether War Assets have had turned over to them any pure copper, nickel, zinc or lead in virgin form. I am interested. If you do not know now, would you mind letting me know, then, I want to know its disposition.—A. I will look into that for you.

Q. Then I want to ask the witness about advertising which I find in the paper called the "Toronto Daily Star". The date is May 20th; and I refer to this in view of the witnesses telling us that they sell these things at market prices. It says,—

FOR SALE

SURPLUS AIRCRAFT ENGINES

War Assets Corporation offers for sale a number of Crown-owned aircraft engines which have been declared obsolete and surplus to Canadian armed services' requirements. With the exception of the Rolls Royce Merlin, these engines have no known commercial value except for the purpose of instruction, education, or the salvage of parts for mechanical use, etc. Parts or components dismantled or removed from them must not be used in licensed aircraft.

And the first one is Rolls Royce Merlin, quantity 265; price \$75 each. What power are these Rolls Royce engines?—A. 1200 horse power.

Q. And a 1200 horse power engine costs how much?—A. I do not know, they are very expensive.

Q. A Rolls Royce costs at least \$25,000 to \$30,000, there is no doubt about that. All right, now have these engines a magneto on them?—A. I do not know. I could get you the answer to that, as to exactly what accessories are on the engines.

Q. They are apparently complete. Then it goes on to list the Bristol Pegasus XVIII, quantity 169; price \$12 each; then the Cheetah IX, quantity 572; price \$10 each. Then the Cheetah X, quantity 561; price \$10 each; then there is the Mercury XX—quantity 142; price \$12 each; the Mercury XV—quantity 64; price \$12 each. Then the Mercury VIII—quantity 41; price \$12 each. Then the Wasp 1535—quantity 25; price \$15 each. And the Perseus XII—quantity 22; price \$12 each.

Mr. JACKMAN: What is the point of all this?

Mr. SMITH: Do these engines include the usual accessories such as magnetos; because if they do, we know that magnetos are in short supply and they could be utilized in many, many places. I would not expect the witness to have this information now, but would he be good enough to let me know what equipment is with them. They are referred to as being sold as units.—A. I have not here what accessories are left on the engine.

Q. And I infer that these prices are fixed by you?—A. Correct.

Q. \$75 for a Rolls Royce which costs from \$25,000 to \$30,000—I suppose there is no market for that kind of an engine?—A. We had a study made, Mr. Chairman. As a matter of interest I might say that our study with respect to a 1,000 h.p. Rolls Royce engine indicated that the cost of breaking it down into its component parts so the scrap could be segregated exceeded the value we could get for the scrap.

Q. It would not cost much to take a magneto off one, would it?—A. No.

Mr. PROBE: Mr. Chairman, I have been trying to get your eye ever since Mr. Shaw made that play for educational equipment. This matter has come up so many times in this committee, and I believe it is going to come up again as soon as we get the auxiliary services' people before us in a day or two, and the evidence given by the air force recently was to the effect that wireless sets in particular had been scrapped in considerable quantity at Penhold and other points. Mr. Berry has attested to the fact that wireless sets may still have a commercial value, once they get them declared surplus, and they will have to try to sell them as commercial articles if possible. I would just like to get on the record a part of a letter from the Canada-Newfoundland Educational Association which I am sure the War Assets people have in their possession, related to the disposal of equipment of a type which has to a certain extent already been mutilated. The experience of the organized educational Association which covers the whole of this country and apparently the Island of Newfoundland as well, is that they are finding difficulty in getting satisfactory treatment with respect of educational material, and that the source of the difficulty seems to be an administrative one. They offer practical suggestions for more effective liaison with War Assets Corporation, and they say:—

The Canada and Newfoundland Education Association announced today that all provinces have given authority to its Inter-provincial Committee on War Surpluses to act on their behalf in allocating any surplus instructional equipment which may be given to the schools of Canada. The equipment will be divided among the provinces in accordance with an agreed formula by the committee as a whole, and individual members of the committee will handle the distribution to schools within their respective provinces.

That suggestion, which I have quoted from this letter of April 23, seems to me to overcome the blank which the educational authorities generally are drawing in relation to War Assets in getting this surplus equipment. I wonder if Mr. Berry would care to comment on the effectiveness of this suggestions with respect to the surplus radio equipment there is still available, which I

feel quite sure is not going to be sold, and will require to be scrapped, as was the material at Penhold. I do not know anything about Mr. Reid's request for radar for fishermen, but I have no doubt that even radar equipment could be used in many large schools, at least in physics laboratories for instructional purposes. It seems to me that all this equipment should be sent to schools instead of being scrapped, particularly where we have this large organization prepared to cooperate with War Assets in effecting equitable and adequate distribution.

MR. CHAIRMAN: Would you mind reading the second last paragraph of that letter also, Mr. Probe?

MR. PROBE: Yes, Mr. Chairman, it reads as follows:—

But now educators are hoping for an announcement from Ottawa that instructional equipment of real value will be distributed free to the schools through the C.N.E.A. Inter-Provincial Committee. The equipment needed includes 16 mm. motion picture projectors, typewriters, and hand tools, all of which would be an inestimable boon to schools in smaller districts.

MR. SMITH: Lest it be forgotten, may I remind Mr. Berry—it must have been brought to his attention—some time ago I asked a question, namely, as to the vehicles that have been shipped from Alberta to London (Ontario).

MR. PROBE: I wonder if Mr. Smith would wait until we get Mr. Berry's answer to my question?

MR. SMITH: I am sorry, Mr. Probe, I thought you were through. I did not intend to interrupt you.

THE WITNESS: I see no reason why the arrangement outlined by the Canada-Newfoundland Education Association should not work pretty well, provided it is confined to our present policy of giving on indefinite loan those items which not commercially saleable; but I could not under our present policy make available items such as they have listed in the following paragraph which you have read into the record, such as typewriters—which are commercially saleable items.

MR. PROBE: Will that apply to the list of some two million dollars worth of equipment which is shortly to be declared surplus? I am sure a lot of that would be required for use in laboratories, schools and so on clear across the country.

THE WITNESS: As I said previously, I should be glad to have a statement prepared to cover that situation, it would show what has been made available to educational institutions already, and what is currently being offered to them.

THE CHAIRMAN: Now, your question, Mr. Smith.

MR. SMITH: Perhaps I should remind you, sir, rather than the witness; I did ask some time ago for a list of the vehicles that have been shipped from Alberta to Ontario—London I think was the point—and then some of those vehicles were re-shipped to Alberta. I want to know the prices paid, all the circumstances. You remember my having asked that?

THE CHAIRMAN: Yes I do, Mr. Smith; was that in connection with transport vehicles? If I recall correctly it was when Colonel Denney was on the stand. If so, I think we already have a reply in the record; I speak subject to correction on that. But I am inclined to think that a reply on that point was made by Colonel Denney. At least he discussed the matter with me; and if it has not been filed it is in course of preparation.

MR. SMITH: As long as it is on the way.

THE CHAIRMAN: Well now, gentlemen, we will adjourn until Thursday next at 11.00 o'clock.

APPENDIX "A"

SUMMARY OF CLASSIFICATION OF ITEMS MUTILATED BY RCAF

1. Up to 23 Feb/45, no equipment was mutilated.

2. From 23 Feb/45 to 23 Mar/45, items falling under the following classifications of equipment as detailed on the attached lists, and not marked with an asterisk, may have been mutilated when repairable and surplus, or when entirely beyond repair:—

SECTION	ITEM
1A to C	Small tools.
4B	Visual signalling and pigeon equipment.
5A to X	Miscellaneous electrical stores, except bells, buzzers, motors, transformers, generators, switches, testers megger, voltage regulators.
10A to 10 RR	Miscellaneous wireless stores, except field telephone sets, S/T test equipment.
6A to F	Aircraft instruments not required by the U.K. or found unsaleable by War Assets Corporation, except watches, clocks, compasses, navigation equipment, chronographs, binoculars, gaseous equipment, drawing instruments.
15D	Emergency equipment.
7-9	Armament, except small arms.
16G	Marine craft stores, except floats, life.
21A	Crockery.
21B-E	Barrack stores (wood, metal, electrical, textiles, gymnastic).
21G and GM	Medical equipment.
21H	Hairdressing and barbering equipment.
21L	Laundry equipment.
25	Propellers, radiators.
35	Aero engines.
38	Aeroplanes.
40B and C	Engine and propeller cases.
27B	Oil and oil coolers, filters, strainers.
27D	Aeroplane covers.
27E	Aero engine starters except those made in U.S.A.
37J	Pumps, except fuel wobble pumps and hydraulic
26M and Q and 37J	Hydraulic equipment, except jacks and hydraulic hand pumps.
27S	Ball and roller bearings.
27U	Aircraft heaters.
527Q	
37H	Auxiliary power units.
537A to X	Ignition accessories
	Carburettors
	Compressors
	Superchargers
26AA to 526BY	Airframe spares, except cushions and fuel tanks, complete wheels (tires and tubes), oleo legs, tail shocks, castors, chains and sprocket wheels.
36A to 36FF	Aero engine spares.
66S and 66RS	Stationery, rubber stamps.

3. From 23 Mar to 28 Aug/45, items falling under the following classifications of equipment as detailed on the attached list B, and *not* marked with an asterisk, may have been mutilated when repairable and surplus or when entirely beyond repair.

SECTION	ITEM
6A to F	Aircraft instruments not required by U.K. or not saleable by War Assets, except watches, clocks, compasses, navigation equipment, chronographs, binoculars and gaseous apparatus.
	AIRBORNE SPARES—i.e.
15D	Emergency equipment, except cameras, fire extinguishers, cushions, fuel tanks, oleo legs, tail shocks, castors, complete wheels, tubes and tires, dinghies, USA engine starters, electric motors, generators, switches, transformers, voltage regulators.
7-9	Armament.
25	Propellers, radiators.
35	Engines.
38	Aeroplanes.
40	Cases.
27E	Starters.

SECTION	ITEM
37J	Pumps.
27M and Q } 37J } 27S } 27U } 527Q } 37H }	Hydraulic equipment. Roller bearings. Aircraft heaters. Auxiliary power units.
	{ Ignition accessories Carburettors Compressors Superchargers
537A to X	Airframe spares.
26AA to 526BY	Aero engine spares.
36A to 36FF	

R.C.A.F. MATERIAL AND EQUIPMENT

PART A
Serviceable and Obsolete equipment.

PART B
Reparable Airborne equipment subject to Stop Repair Instructions.

PART C
Reparable Ground equipment subject to Stop Repair Instructions.

PART A
Serviceable obsolete material as listed hereunder was reported to War Assets on a specific list or declaration. The lists were pre-screened by them and instructions given to mutilate the unsaleable material. Disposal of the resultant scrap was made by War Assets through their Scrap Contracts.

Battle Airframe Spares
Oxford Airframe Spares
Anson I and III Airframe Spares
Nomad Airframe Spares
Hurricane Airframe Spares
Bolingbroke Airframe Spares
Lysander Airframe Spares
Beaufort Airframe Spares
Swordfish Airframe Spares
Yale Airframe Spares
Hotspur Glider Spares
Finch Airframe Spares
Rolls Royce Merlin Engine Spares (installed in Battle Airplanes)
Bristol Engine Spares

PART B
Detail of R.C.A.F. reparable material and equipment on which "Stop Repair" Orders were issued in the period

23 Feb/45—28 Aug/45

These items were subject to the possibility of mutilation during the full period.

MISCELLANEOUS AIR FRAME SPARES SECTION

Anson I, II, III and IV.....	26DD	All airframe spares peculiar to Anson I, II, III & IV—Stop Repair
Battle	26JJ	All airframe spares—Stop Repair
Crane	26CA	All airframe spares—Stop Repair
Digby	26D	All airframe spares—Stop Repair
Fort	26AE	All airframe spares—Stop Repair
Fawn	26AE	All airframe spares—Stop Repair
Finch	26AE	All airframe spares—Stop Repair
Hurricane	26AF	All airframe spares—Stop Repair
Hudson	26BH	All airframe spares—Stop Repair
Kittyhawk	26HB	All airframe spares—Stop Repair
Lysander	26AU	All airframe spares—Stop Repair
Nomad	26HW	All airframe spares—Stop Repair
Oxford	26AN	All airframe spares—Stop Repair
Stinson	26HJ	All airframe spares—Stop Repair
Swordfish	26A	All airframe spares—Stop Repair
Tiger Moth	26TT	All airframe spares—Stop Repair
Menasco Moth	26TT	All airframe spares—Stop Repair
Walrus	26B	All airframe spares—Stop Repair
Yale	26BG	All airframe spares—Stop Repair

MISCELLANEOUS ENGINE SPARES SECTIONS

Allison	36A	All engine spares—Stop Repair
Cheetah	36U	All engine spares—Stop Repair
Gypsy Major	36FF	All engine spares—Stop Repair
Jacobs	36F	All engine spares—Stop Repair
Kinner	36E	All engine spares—Stop Repair
Menasco	36AL	All engine spares—Stop Repair
Mercury	36R	All engine spares—Stop Repair
Pegasus	36R	All engine spares—Stop Repair
Perseus	36R	All engine spares—Stop Repair
Ranger	36AR	All engine spares—Stop Repair
Taurus	36R	All engine spares—Stop Repair

SECTION 5D

Ref. No.	Description
62	Boxes Junction
26	Switches Tumbler DPP
265	Control Assy Bomb Aiming Box Shaped
246	Solenoids Gun Firing 24 volts—G11
94	Keys Firing
83	Boxes Storage
112	Switches Firing
88	Distributors Bomb
43	Plugs, Connecting
RAF 604	Switches Jettison
20	Switches Firing Bare
89	Switches Starter
39	Box Adapter
19	Switches Selector 4 point
84	Switchboxes Selector
272	Selector Unit Bomb Rack
52	Switches Auto Selector
30	Switch freezing 2" pole

SECTION 5U

	Boxes Control 19 types
509	Voltmeter (5 types)
63	Filters Radio Interference
	Dynamo
133	Filter
	Cut out Reserve Current (3 types)
159	Frames Commutator
205	Frames drive end
387	Filters Rotary 10 amp.
539	Connector Rotary
151	Filters, radio interference
	Panel Control (2 types)
539	Rotary converters
130	Valves solenoid operated type C
1498	Alternator
Pt No. 24562	Relay generator control
335	Armature Assy.
418	Filter Unit
418	Filter single line

SECTION 6F

	Harness Sutton
28	Tubes speaking earpieces
43	Anchorage observer
40	Belts rescue safety

SECTION 7G

11	Guns Hispano 4 types
7	Magazine 20MM
207	Belts Feed RH
211	Units Firing Pneumatic 2 types
22	Chest for Guns Hispano
160	Guns Hispano Belts Feed

SECTION 7H

Ref. No.	Description
388	Chest MG Browning 2 types
940	Guns Colt 2 types
422	Accelerators gun Browning
426	Barrels 3 types
448	Extension barrel
892	Guns Browning 9 types
427	Blocks breech 3 types
542	Mechanism Loading
896	Pawls feed
522	Springs return complete
1034	Flank Elimination MG
1349	Barrels Browning

SECTION 7K

1069	Colt Browning 50 calibre
7	Browning 50 calibre machine gun
1044	Guns Colt
1045	Bolts Breech
17	Barrels mechanism
1327	Casing for mechanism barrels

SECTION 8A

543	Units fire and safe
552	Units fire and safe pneumatic
575	Mechanism firing rear seat release units
225	Solenoid Elec. Firing Mechanism 24V

SECTION 8B

648	Sights, M.G. Rel. Speed Reflector, Pilots
142	Sights, M.G. Prismatic, type G.1
1006	Sights Flex Ring B11
1007	Sights Flex. Gun Post
795	Sights Machine Gun Pilots MK.II
792	Speed Reflector Free Gun
1077	Sights Gun
1016	Sights Gun
810	Relative Speed, Reflector Pilots
801	Sights Machine Gun
312	Cases Transit
803	Sights M/C Range
1042	Sights Free Gunnery
RAF 2350	Machine Gun Sights
796	Sights Reflector Cases

SECTION 9

*344	Steering, Ind. Spares
*545	Att. Low Level MK I
	Sights Bomb—16 Types
*Pt. G.B. 30038	Computer Assy
*RAF2218	Computers
*208	Gauges Bomb Sight
*377	Switches Ind. Steering
389	Scale
393	Scale

SECTION 9A

179	Sleeves red target towing
285	Gear target towing
269	Brake hand Assy
219	Target gear towing

SPECIAL COMMITTEE

SECTION 11A

Ref. No.	Description
173 Carriers	Seaplanes Type EM/EF MK II
167 Carriers	No. 1 Landplanes
177 Carriers	No. 2 Landplanes
136	Bomb Carriers L. S. Standard type EM, Landplanes with AS Switch MK III
210	Containers, SB 250 lbs Spare packing
145	Carriers Bomb L.S.
93	Carrier Bomb MK I
412	Release Bomb Bay Pack
209	Containers Small Bomb MK IA
2030	Chutes Flare Tri cell
208	Containers Small
636	Containers: Small Bomb 250 lbs
189	Universal Carrier MK I
168	Carriers Bomb Universal MK II
187	Carriers Bomb Universal No. 1
190	Carriers Bomb Universal
193	Carriers Bomb Universal 24V. Seaplane No. 2
301	Carriers Bomb Universal
138	Carriers Bomb MK 3
236	E. M. Release Unit MK 2
298	Carriers Bomb Mk 3 12V
168	Carriers Bomb Universal MK II
141	Carriers Bomb Light Series Standard Type EM
90	Carriers Bomb L.S. Standard Type EM without A.S. Switch MK II (Seaplanes)
94	Carriers Bomb L.S. Standard EM Landplanes without A.S. Switch
140	Carriers Bomb L.S. Standard Type EM Landplanes with A.S. Switch

SECTION 25A

90	Various metal and wood aircraft propellers.
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SECTION 25B

Four different types of aircraft radiators.

SECTION 25C

Tool Kit
Blades (11 types)

SECTION 25G

16 Different types of Governors or Constant Speed Control Units used with N.P. & C.S. Propellers.

SECTION 25L

147	Propeller Barrel Rear DeHav.
338	Blade Assy. Propeller
633	Blade Assy. Propeller
649	Blade Assy. Propeller
636	Blade Assy. Propeller
RAF301	Barrel Assy
Pt. No. 4300-2/1	Barrel Assy
146	Barrel front
Pt. No. 30524	Spinner Shell
Pt. No. 38524	Spinner Shell
Pt. No. 30529A	Back plate spinners
Pt. No. P30530A	Spinners

SECTION 26AC

Ref. No.	Description
235	Torque Assy
8209	Pumps hand cpte
10245	Shroud engine instrument
13951	Axles
8378	Tank De-Icer Cpte
3241	Side Panel—3 types
3316	Fairing Cover
	Centre Panels—3 types
	Rear Panels—2 types
	Valves—3 types
9563	Cowling
14187	Tail Wheel Mount
3618	Fairing
14028	Seat
3860	Oil Trap
3715	Auscoop Block
11766	Ammunition Box
2820	Oil Filter
3716	Control Arms
11540	Wing Tip
629	Undercarriage door
14461	Wing Stbd
47903	Wing Port
47904	Tank hopper sump
10941	Bomb Carrier Frame
2668	Centre Plane
8164	Aileron Stbd
86	Elevators
1079	Flaps—3 types
	Oil Tanks—3 types
1077	Tail Plane Cpte
570	Stbd. Wing Tip
	Undercarriage—Port & Stbd.
914	Rear Fuselage
1465	Loader Bomb
1081	Fin
1	Aileron Cpte.
13988	Ramp Assy.
726	Door

SECTION 26 AK

606	Panel Flying
794	Fairing wheel
1390	Frame Assy.
690	Seat Co-Pilot
1212	Strut Assy.
2620	Mainplane LH
2578	Assy. baggage compartment door
1071	Brace Assy. Exhaust
741	Jack Pad
793	Ski Assy. Tail
1818	Cabin Freight Door Assy.
1102	Tank
1109	Cowling Assy. L.H.
1227	Rudder covered
1232	Vertical Stabilizer
1237	Assy. Elevator covered
2618	Aileron Assy.
3522	Elevator Assy.
3523	Assy. Wing Panel cover R.H.
1586	Mainplane Strut Stbd.
2617	Flap Assy.

SPECIAL COMMITTEE

SECTION 526BY

Ref. No.	Description
91669	Nose
26BY/971	Gallery Fuel Group
526BY/2992	Tank Fuel No. 3 Wing Outer Inboard R.H. Group
26BY/1403	Tank Hyd. group
3462	Exhaust shroud Q/C
4190	Undercarriage Complete
3001	Tank Glycol
3467	Fuel Pump
552	Fuel Assy.
2351	Seat Navigator
90284	Fuel Tank
Pt.#98C-3982	Fuel Tank
Pt.#98348A	Fuel Tank
98	Rudder Torque Tube
178	Door
786	Rudder lay shaft
869	Wheel Hand
889	Elevator Lay Shaft
1402	Tail Wheel Jack
1490	Valve Non-return
2667	Door rear entry
7513	Wing Tip port group
12872	Seat Pilot
91664	Bomb Door
2	Aileron Stbd. Cpte. Tab
3	Flap Port Cpte.
2737	Canopy Assy. Cockpit
2866	Fail Wheel Assy.
2991	Tank L.H. Wing Outer inboard Cpte.
7983	Tank #5 L.H. Wing Outer
12869	Elevator Metal covered
90076	Wing Tip Stbd.
6	Fin cpte.
7	Rudder cpte.

LIBERATOR 26HL

79	Shroud Assy. Turbo
1482	Former Assy. Ring Nacelle Cowling FWD
1571	Panel Assy. Turbo Outboard
4904	Panel Assy. Turbo Ind. Side
4943	Assy. Rear Cowling
7582	Sump Oil Tank
1748	Accumulator
2056	Hatch
2070	Cylinder Assy.
3424	Elevator Assy.
3425	Elevator Assy.
6697	Baffle Assy.
	Accumulator
132	Fin Strut Assy.
613	Shimmy Damper
44	Intercooler
3622	De-Icer Boot
3666	T.R. Flap Assy. Stbd.
1483	Mount Assy. Engine
6956	Sight Gauge Fuel Tank

SECTION 26HN

Ref. No.	Description
503133	Tank Assy Main Oil
Pt. No. 29656L	Tank Assy Centre Section Port
Pt. No. 29657L	Tank Assy Centre Section Front
Pt. No. 29654R	Tank Assy Centre Section Front
Pt. No. 29655R	Tank Assy Centre Section Rear
Pt. No. 29656R	Tank Assy Centre Section Front
Pt. No. 29657R	Tank Assy Centre Section Front
Pt. No. 19088	Cone Assy
Pt. No. 19018R	Elevator Assy R.H.
Pt. No. 19011L	Aileron Assy Port
958	Mount Assy Engine Gp. complete
Pt. No. 85024	Jack's Tail L.G. Axel
Pt. No. 19033	Hoist Assy Bomb Group
Y1407	Fairing Assy Nacelle R.H.
V1399	Fairing Assy Nacelle L.H.
Pt. No. 29654L	Tank Assy Centre Section Rear
Pt. No. 29655L	Tank Assy Centre Section Rear
Pt. No. 29656L	Tank Assy C.S. Port
Pt. No. 19016R	Tip Assy R.H.
Pt. No. 84001	Tail Strut Assy
Pt. No. 19031	Mount Assy
Pt. No. 115045	Carriers Assy Torpedo
Pt. No. 19018L	Elevator Assy L.H.

SECTION 26HN

V90	Elevator Assy. R.H.
V1356	Cone Assy.
V5233	Tank Assy. C.S. Front Outboard
V5237	Tank Assy. C.S. Rear Inboard
V5239	Tank Assy. C.S. Front Outboard
V10059	Tube Assy. Manifold Pressure Line
503123	Flame Arrestor Tube Assy.
503124	Flame Arrestor Trap Assy. Light
503133	Tank Assy. Mail Oil

SECTION 26HU

538	Strut Tail Wheel Shock Absorber
265	Elevator Assy. L.H.
266	Elevator Assy. R.H.
282	Rudder Assembly
1098	Oleo Leg Strut
127	Tank Oil 7.5 U.S. Gallons

SECTION 26JH

55007	Pt. No. 2268	Shock Strut Assy.
	2269	Shock Strut Assy.
	510	Elevator Assy.
	2326	Valve Assy. Land Gear
	73	Chamber Hyd. Surge
HV2		Pump Hand windshield

MITCHELL—SECTION 26JL

493	Hatch, escape
3082	Rudder Assy. R.H.

SECTION 26 J.Q.

910	Pedal Assembly
2257	Strut Assembly

SECTION 26JU

Ref. No.	Description
89	Flap Assy. L.H.
90	Flap Assy. R.H.
92	Elevator Assy.
97	Rudder Assy. L.H.
98	Rudder Assy. R.H.
1089	Cowling Assy. Engine lower
2458	Absorber Assy. short L.H.
53	Axle Assy. L.H.
60	Absorber
113	Fork Assy.
265	Door Tail
266	Door Tail
451	Axle Assy.
2223	Chair Assy.
2396	Boots De-Icer
2078	Tanks Oil L.H.
815	Oleo leg Assy. Strut (Absorber Assy.)
2579	Chair Assy. Cabin Front
62	Scoop Assy. Carb. Air
2035	Tank R.H.
2382	Boots De-Icer
2027	U Tank Assy. Main Fuel L.H.
2049	URH Tank Assy. Rear Fuel L.H.
96	Fin. Assy R.H.
85	Tip Assy. Wing L.H.
86	Tip Assy. Wing R.H.
88	Aileron Assy. R.H.
653	Door Assy. Landing Gear R.H.
61	Mount Assy. Engine
248	Seat Assy. Pilots Chair
2084	Tank Assy. Oil R.H.
2425	Mechanism Assy. L.H. landing Gear Retracting

SECTION 27A

1211	Brake Assy.
1102	Brake Assy.
1085	Brake Assy.
1083	Brake Assy.
1050	Brake Assy.
1068	Brake Assy.
1095	Brake Assy.
465	Brake Assy.
1084	Brake Assy.
1193	Brake Assy.
1104	Brake Assy.
1092	Brake Assy.
1427	Fairing Assy. Inner
913	Tail wheel hub Assy.
949	Brake Assy.
1091	Brake Assy.
P/N 55971	Brake Assy.
1672	Fairing outer
1098	Brake Cyl. Hydraulic
1431	Brake Assy. Torque plate
P/N AH10271/26	Brake Assy. A/C AHMI75 for Mosquito RAF
	Single Brake Drum
1100	Brake Assy. 13" Kelsey E3592-K
958	Cylinder Master No. 1
1433	Brake Shoe Assy. Hayes
2178	Brake Assy. 11 x 2 R.H.
1438	Cyl. Brake Assy.
1089	Brake Assy.
2103	Cyl. Brake
1375	Liner Brakes Dunlop
1786	Master Brake Cylinder

Ref. No.	Description
1080	Brake Assy. 11 x 2
2235	Master cylinder
1539	Bags, Air Dunlop
1867	Casting Wheel
1541	Liners Brake Dunlop
1544	Brake Liner

SECTION 27B

33	Various Types of Aircraft Oil Coolers
41	Pump Parker Primer
54	Pump
1	Pump
55	Primer Engine Parker
253	Pump Refuelling
100	Primer Assy. Spray type
426	Primer Engine Parker E-1
41	Primer Engine Parker P4CA1A
439	Pump Glycol Rotex Screw Handle
41	Teleflex Box
28	Extractor Control
9	Kits, tool teleflex control
103	Strut Hydraulic
2153	Strut airdraulic flange
3802, 3811	Strut airdraulic
3822 (EO 27M/103)	Absorber group
3853	Tail Forks
4136	Gauges
67	Jack
173	Valve
90	Pump
121	Header tank
134	Valve
172	Valve
179	Jack
180	Jack
11	Pressure Gauge
31	Jack
39	Jack
119	Tank
135	Valve
111	Strut
21	Jack
22	Jack
34	Flap Jack
37	Flap Jack
42	Flap Jack
53	Jack
62	Jack
86	Pump
131	Valve
137	Valve
139	Valve
145	Valve
157	Valve
165	Valve
9	Gauge
35	Flap Jack
58	Jacks Hydraulic
67	Jacks Hydraulic
3281	Buffer Tail Axel Spools
3802	Strut Airdraulic
3811	
86	
42	Handpump
37	Flapjack Operating
34	Flapjack Operating
35	

Ref. No.	Description
28	Bomb Jack
21	Bomb Door Jack
103	Strut Air Airdraulic
353	Extinguisher, Fire C.O. 2
11	Extinguisher, Fire
13	Extinguisher, Fire, Cylinder
413	Extinguisher, Fire
318	Cylinder
67	Heads Operating
84	Heads Operating
90	Heads Operating
384	Cylinder
	Extinguisher, Fire (12 types)
352	Cylinder
182	Cylinder
382	Cylinder

SECTION 27Q

	Valves (3 types)
51	Flap Jack
240	Valve Pressure Relief
78	Undercarriage Jack
	Valve Rotary (4 types)
27	Fuel Assy. Oil
145	Strut Shock Absorber •
45	Flapjack
21	Filter Assy.
20	Filter Assy.
100474	Oil Filter Assy
93	Hand Pump
100852	Valve Non Return Anson V
100843	Valve Relief
102245	Jack U/C
100376	Oil Filters
6260	Oleo Assy.
100458	Hydraulic Filter
100460	Filter Body
100857	Filter

SECTION 27S

Complete Section Stop Repair
Aircraft Bearings (Non Repairable)

SECTION 27VA

678	Distributor De-icer valve
96	Valve Assembly
632	Regulator, fuel pressure
1053	Valve, suction, relief
733	Valve, suction, relief
676	Valve distributor
755	Valve selector
1176	Brake control valve
1282	Valve
731	Valve non-return and restrictor
629	Valves blowoff
793	Valve assembly
589	Valve suction relief
590	Valve
746	Valve suction vacuum cont
122	Tail Wheel Jack retracting
182	Valve hyd brake

Ref. No.	Description
664	Valve suction regulating
538	Valve fuel
368	Valve adel
451	Brake deboostor valve
171	Valve unloading vickers
212	Valve assembly Selector Fuel
594	Valve Air check
865	Valve "Y" Drain
1077	Selector unit valve
323	Valve selector
728	Valves drive
486	Valves selector
598	Valves selector
601	Valves selector
591	Valve suction relief
550	Valve oil dilution model U-1070N

SECTION 27W

14	Various types of aircraft skiiis
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SECTION 36AR

336	Rocker and Roller Assy
462	Housing Vacuum Pump
497	Crankcase Lower
498	Crankcase Upper
291	Housing Assy
303	Manifold Assy
304	Manifold Assy
508	Manifold Assy
726	Flywheel
668	Crankshaft Assy
689	Connecting Rod
508	Manifold Grommet Assy

SECTION 36DD

	All Merlin XXI Rolls Royce
38584	Spanner D8582
38605	Plate HB16591
38440	Spanner E24731
38435	Spanner D8845
38628	Tool 166244
38450	Block HB16590
38643	Spanner D7086
606157	Boost Aneroid
43001	Box, tool
Part No. D7108	Supercharger Casings Front Half
Part No. AT8027	Wrenches Tappet Adjusting
41968	Manifold Exhaust
603258	Pump Coolant Opte.
603625	Valve Release Assy. 2 Stage
40801	Cylinder Block RH with bore
41700	Valves
603140	Plate Oil Filing
603258	Plug for Cooling Pumps
600101	Liners
30050	Automatic Boost Cont.
32100	Oil Relief Valve
32810	Supercharger
41969	Manifold Exhaust
43001	Box Tool
41968	Manifold Exhaust
604518	Manifold Assy.
30050	Automatic Boost Control
32810	Supercharge Suct. & Carb.

Ref. No.	Description
41530	Supercharge Casings
41908	Exhaust Stack Starter
41909	Exhaust Stack Centre
41971	Exhaust Stack Front
1	Spanner
500335	Compressor
5016	Spanner E51962
5018	Spanner E51964
6058	Spanner E30861
6078	Spanner E36597
6082	Spanner F9814
5034	Spanner E32755
6160	Tool HB.2394
18006	Spanner E45136
18001	Spanner E30144
500337	Slings Engine
18059	Spanner E46634
37751	Spanner D8970
38230	Block HB. 16697
38233	Tool HB16657
22428	Spanner E755553
38240	Block HB 16696
38221	Spanner D7094
38236	Block HB16692
38371	Spanner D7091
38372	Spanner D7092
38409	Spanner D7090
38401	Spanner E39573
38417	Block HB16568
38418	Plate HB16569
38419	Block HB16570

SECTION 36DD

	All Merlin XXI Rolls Royce
37992	Spanner D7097
37601	Spanner D7080
38415	Block HB16566
38587	Spanner 7084
40961	Cylinder Block R.H. c/w Valves
40960	Cylinder Block L.H. c/w Valves
41530	Casing Supercharger
603620	Coolant Pump Assy.
609024	Merlin Cylinder Bank
609025	Merlin Cylinder Bank
40742	Cyl. Bank 13 inch
41971	Exhaust Manifold
41972	Exhaust Manifold
Pt. No. D9477	Red Gear Shaft Gear Unit #GU2037
Pt. No. D14663	Exhaust Manifold
605666	Harness Ignition Intake Cpte.
609122	Casing Assy. Supercharger (Front and Rear)
40742	Block Cyl. 21 B Bank
40743	Block Cyl. 21 A Bank.
Pt. No. D7107	Casing
Pt. No. D7108	Casing Front Half Supercharger
46260	Automatic Boost Aneroids
40305	Rocker Cam Shaft Inlet and Exhaust
40306	Rocker Cam Shaft Inlet and Exhaust
46770	Crankshaft
600117	Block and Head Assy.
600118	Block and Head Assy.
600317	Starter Motor Assy.
601733	Bracket Assy.
603698	Filter Assy.
603700	Filter Assy.
603706	Screw Assy.
603710	Housing Assy.
603723	Screw Assy.

Ref. No.	Description
604089	Housing Assy.
604112	Dual Drive Assy.
604130	Housing Assy.
604135	Adaptor Assy.
604136	Shaft Assy.
604164	Tube Assy.
604271	Pinion Assy.
604272	Shaft and Gear Assy.
604862	Pipe Assy.
604863	Pipe Assy.
609026	Casing Gear Pinion and Shaft Assembly
33552	Gear Wheel Shaft Bevel
40600	Crankcase Upper Half Gr.

SECTION 36P

4372	Distributor
998	Thermostat
	Pump—Oil 4 types
2629	Magneto & gear Assy
	Bearing 4 types
	Rod Assy 3 types
	Gear Assy 3 types
5353	Adaptor Assy
5522	Shaft Assy
6446	Support Assy
4337	Control Assy
4331	Strainer Assy
8653	Clutch Assy
	Valve Assy 3 types
890	Deflector Assy
7411	Cylinder
817	Manifold Assy
3790	Control Assy
8614	Ckcase & Stud Assy
8621	Crankshaft
5449	Hsq. Assy
8671	Screen
169	Blower Shaft
311	Pistons
603	Pipe Assy intake
7856	Harness Ignition
3527	Rods Art
3735	Arm Rocker Exhaust
591	Jaw Starter generator
258	Hammer
	Manifold Assy 4 types
352	Crankshaft Balance Assy
490	Master Rod Assy
	Crankcase nose assy 4 types
	Crankcase main section assy 2 types
	Crankcase main machine 2 types
	Crankshaft balancing assy 3 types
	Crankcase blower section 3 types
	Crankcase rear machining assy 4 types
	Tub assy 8 types
	Manifold Ignition 2 types
5916	Distributor drive assy
3103	Oil Sump assy
4205	Pinion
	Wasp Cylinder assy 19 types
	Articulating rod assy 7 types
	Pumps oil machine assy 4 types
2629	Magneto & gear assy
	Cylinder assy complete 5 types
	Cylinder assy port rear complete piston 5 types
2793	Breather assy

SECTION 36S

Ref. No.	Description
4587	Harness Ignition
4084	Ignition Harness
4128	Cylinder
6079	Shaft Impeller Assy.
5488	Ignition Harness
2932	Pump Oil Cpte.
3715	Cylinder Assy.
3929	Cover Studding Assy oil pump
4129	Cylinder deflector
836	Compressor Valve Spring
1342	Sleeve Ignition Harness (2 types)
Pt. No. 84559	Puller c/s Rear Main Bearing
5017	Harness Assy Ignition
4350	Army Assy. c/w Rocher Exhaust Valve
1228	Filters Oil
	Piston Assy 5 different types
3169	Ring Nose Cowling heater
3277	Assy nose cowling
4753	Harness B.G. Ignition cpte.
5488	Ignition Cable Harness Assy.
2932	Pumps oil cpte.
	Crank Case 10 different types
	Crank Shaft 3 different types

SECTION 37A

8260	Electrode
8730	Tool for Magneto
8757	Tool for Magneto
7266	Breaker Contact R.H.
188	Housing W/Lamination
7051	Breaker Assy.
5102	Housing Inductor Shaft Group
5104	Housing Inductor Shaft Group
	Armatures — 15 different types
	Magnetos — 60 different types
	Distributors — 10 different types
	Condensers — 4 different types
	Magnetos — 2 different types

SECTION 37B

	Plugs Sparking—72 different types
166	Tools Electrode
170	Tool Top Adj.
	Plugs Dummy—10 different types
RAF 531	Conduit Main Group
162	Testers Flash
160	Gauges Electrode
	Harness Ignition—12 different types

SECTION 37C

8600	Carburettor (Caudel Hobson)
42	Carburettor
9036	Boxes Junction Group
9077	Tool Key for Pump Delivery
45	Carburettor Caudel Hobson
8666	Boost Control Caudel Hobson
41	Carburettors
8814	Piston Group (Caudel Hobson)
7000	Carb. Caudel Hobson
31	Carburettor
8726	Pilots Controlling Mixture
26156	Control Automatic Boost Group
Pt. No. 23000	Carburettor

Ref. No.	Description
24000	Carburettor
9300	Carburettor
20501	Carburettor
6003	Carburettor
2015-41A	Carburettor
RAF 20500	Carb. Hobson Claudel
RAF 7000	Carb. Hobson Claudel
RAF 2	Carb. Hobson Claudel
RAF 7	Carb. Hobson Claudel
RAF 32	Carb. Zenith

SECTION 37F

Starters 7 different types

SECTION 37G

704	Valve regulator (2 types)
536	Compressor cylinder

SECTION 37J

	Pumps Hyd. (8 types)
	Pumps Vacuum (8 types)
RAF 3145	Pumps Aux.

SECTION 37K

4	Compressor Air
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SECTION 50A

2	Turrett Gun Bristol
1	Turret, Gun Anson
3	Turrett Mk II
11	Turrett, Type "C" Mk III
5	Bristol Mk IV
12	B.P. Turret, Ventura
15	Turret Tail

SECTION 50C

3223	Generator B.P.
321	Sights automatic for Lower Ball Turret
1419	Hydraulic pipe line
2858	Distributors elect.
3217	Motors assay.
3385	Ammunition box
2422	Hyd. gen. c/w motor B.P.
2960	Distributor & oxygen gland assy.
464	Motor Electric B.P.
140	Gear Azimuth Driving

SECTION 50D

203	Hyd. Jack (2 types)
163	Panel door sliding
170	Shrouds, cpte.
159	Hood for gun, turret, cpte. 2 types
1119	Cart container L/H
173	Main valve control cpte.

SECTION 50F

42	Motor & sprocket assy LH
41	Mortor & spocket assy gun turret 24V 20 amps

SECTION 550C

327	Target sight assy optic head
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SPECIAL COMMITTEE

SECTION 550D

Ref. No.	Description
43	Controller
76	Box Assy Turret Bendix

SECTION 137G

501	Compressor Air Pt. No. 3
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SECTION 527Q

10 Various Types of Aircraft Heaters

SECTION 537A

37	Various types of magnetos used on aero engines
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SECTION 537B

65	Various types of Aircraft spark plugs
162	Tester Spark Plug

SECTION 537C

466	Carburetor
570	Carburetor
NIV	Carburetor
NIV	Carburetor
574	Carburetor Holley type
486	Carburetor Stromberg type
1868	Carburetor
1873	Carburetor
468	Carburetor
578	Carburetor
1134	Carburetor
292	Carburetor
3926	Carburetor
2172	Carburetor
1	Carburetor
2173	Carburetor
2218	Carburetor
PT # 13F5-8	Carburetor
2620	Strainer
3361	Carburetor
2718	Mixture Control unit
2624	Carburetor
1141	Aero mixture control
3208	Aero mixture control
3344	Carburetor
2838	Mixture control
3678	Automatic mixture control
799	Carburetor
971	Carburetor

SECTION 537F

90	Solenoid Eclipse
96	Coils
97	Coils
165	Coils
123	Coils battery booster type 107
	13 Various types of aircraft engine starters

SECTION 537G

1	Buell Compressor
6	Valves pressure regulating
2	Trap water
3	Compressors Buell

SECTION 537H

Ref. No.

Description

9
388A.P. Unit, Type 698, Model 1
A.P. Unit, Lawrence
Pumps Bilge Eclipse

SECTION 537J

60 Various types of Fuel, Vacuum Pumps manufactured by
Pesco, Dowty, Chandler-Evans etc.

SECTION 537P

53 Various types of aircraft fuel, vacuum, flattening, hydraulic
pumps

SECTION 537JR

14 Various types of Romeo Fuel and Vacuum Pumps

SECTION 537JT

5 Various types of Thompson Fuel Pumps

SECTION 537X

97

Supercharger Assy, B10

PART C

Detail of RCAF Repairable Material and Equipment on
which "Stop Repair" Orders were issued in the period.

23 Feb/45

28 Aug/45

Items other than those marked with an asterisk were
subject to the possibility of mutilation only during the shorter
period 23 Feb/45—23 Mar/45.Those items marked with an asterisk were at no time
subject to mutilation.

SECTION 1A

514
557
191
198
87
532
533
75
162
148
634Bellows, moulders
Awls, splicing
Chisels, firmer
Chisels, hand cold
Boxes, metal tool
Croppers bolt 14"
Croppers bolt 18"
Shears Tinsmith
Calipers slide 5"
Calipers Outside 6"
Clinometer

SECTION 1B

35

95Gauges, Firmer
Hammers—8 types
Irons, Soldering—2 types
Pliers—7 types
Iron soldering (5 types)
Test Dial Ind.

SECTION 1J

*10
*14
*42
*49
*66
*67
*1270
*610Vices Bench
Torches
Screwdriver
Screwdriver
Tools Delux
Hammer
Screwdriver, Inst. Mech.
Blowers Hand

SECTION 5A

Ref. No.	Description
1,136	Condensers
491	Lamps signal
492	Ammeters Aircraft 30/0/30
530	Ammeters
544	Relays
625	Testers
626	Testers
631	Bombs Charging
636	Testers
677	Electroscope Pith Ball
685	Discharger
696	Fuses
697	Inductors
703	Magnets
704	Magnets
705	Magnets
721	Sectors
742	Panels
817	Voltmeters
836	Testers
839	Poles
845	Chargers
846	Chargers
848	Coils
881	Ammeters
895	Testers
952	Testers
954	Heaters
955	Heaters
166	Drums Cable
184	Lampholders
185	Lampholders
251	Testers Fuse
281	Voltmeters
282	Voltmeters
294	Voltmeters
354	Lamps Signal
355	Cases
358	Cases Transit Tripod
379	Lamp Holders
388	Lamp Combination Crash Tender
395	Lamp Floodlight
399	Stands Floodlight
422	Testers
443	Chargers
445	Chargers

SECTION 5J

178	Filters Accelerator, 1 gal.
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SECTION 6C

24	Plotters Chart Table 41V
348	Cal. Indicator Vacuum
2	Cal. Air Speed Indicator
4	Cal. Altimeter Port
6	Cal. Pressure Gauge
54	Plant Altimeter Testing Barometer
81	Racks Instrument
87	Cal. Pressure Gauge
118	Plates Pump Vacuum
125	Tensiometer 250 lb.
131	Cal. Pressure Gauge
150	Adapters Pressure Gauge
177	Hyd. Type "B" Gauge

Ref. No.	Description
180	Hyd. Type "B" consist of jars, glass
227	Cal. Oxygen Flowmeter
500004	Testers Thermocouple
60	Stroboscopes Cal.
80	Calibrators Air Speed Indicators
182	Manometers Mercury
231	Spirometer
120	Chambers Test
134	Stands Test Hydraulic
32	Plants Compass:—Plates Pump
RAF 219	Calibrators Oxygen Mk. I
148	Machines Testing Hyd. Gear
RAF 220	Thermometers
134	Stands Test Hydraulic
53	Pumps Vacuum Pressure
5	Calibrators Altimeter Portable Acc:— Barometers Mercury
11	Demagnetizers
98	Meter Moisture Resistance Type
52	Pumps Vacuum Pressure 110V
35	Pyrometer Indicating
37	Pyrometer Thermocouple
10	Detector Crank
187	Manometer Case
17	Hydrometer Heavy Liquid
67	Manometer
84	Polorus Test
264	Calibrator Pressure Gauge Adapter
267	Calibrator Mk. IV F
22	Ind. Engine Speed and Revolution Pump
36	Pyrometers
117	Vacuum for Bell
240	Calibrator A.S.1 Dual Type
119	Thermometers
125	Tensiometers
188	Detector Crank 50 Cycle
32	Plant Compass Deviating Con. Pump Plates
91	Manometer Water Type 0-60
22	Indicator Eng. Speed and Revolution Pump
10	Detector Crack

SECTION 6E

30	Thermometers Wet or Dry
62	Rods Levelling
31	Thermometer Wet or Dry
109	Pyrometers Thermo Elect.
61	Thermometer Molten Metal
53	Telescope Signal
55	Bobs Plumb Surveyors

SECTION 6L

	Indicators 15 types
	Transmitters 3 types
	Motors Telechron 3 types
	Earphones 3 types
	Microphones 4 types
2269	Attachment Twin Engine Device
	Altimeters Indicators 2 types
578	Horizon Artificial
	Phones 7 types
*107	Man. Spindle c/w Wiring
798	Compensator
634	Compass Radio
	Bellams Spin 3 type
1538	Motor Assy rough air.
*522	Keyer type C or C2 110V 60 cycle
	Fuse 3 type

SECTION 7E

Ref. No.	Description
1	Mortars signal 2 types
2	Barrels, mortar
3	Bits, vent
5	Brushes wire
6	Covers wire
7	Lanyards firing
8	Rammer
9	Stands mortar

SECTION 10A

108	Helmets Fittings
693	Neutralizing Units
3001	Tense Units
3018	Masks Microphone
RAF11994	Microphone Mask
RAF12443	Receivers Gland
RAF12571	Microphone type 26
RAF12572	Microphone Mask
4362	Boxes Control
4365	Boxes Jack
7429	Power Unit
149	Microphones
873	Milliammeter
881	Receivers Telephone
1803	Dynamotors
154	Milliammeter
3493	Head Sets Telephone
2639	Ammeters:—Thermometer
4074	Indicators
3967	Boxes Junction
3968	Remote Control
13065	Power Units
7776	Power Units
5527	Boxes Junction
727	Valve
3038	Receivers
3250	Indicators Compass
693	Units Neutralizing
3334	Micro Ammeters
3969	Mountings
3992	Mixer Box
3994	Match Unit
2982	Contactors
6875	Mountings
12443	Receivers Telephone Head
3421	Players Record Portable
457	Motor Generator
1322	Microphone Desk Type

SECTION 10B

609	Insulators type 16
785	Kit Aerial type B
868	Insulators type 18
869	Insulators type 18 shrouds
1266	Arresters lightning shields ice
2392	Arresters lightning
4057	Switch Panel
4583	Aerial Aircraft
5526	Aircraft Aerial
3297	Units Tuning Ant.
1126	Winches reel aerial "B"
2336	Loops Aerial
1282	Units Remote Control
1281	Loop rotatable
3411	Compass Pilots Radio

Ref. No.	Description
899	Winch Aerial
2391	Arresters lightning
3410	Indicator
3412	Loops D.F.
329	Weights Aerial

SECTION 10C

*692	Units Earth Condenser
*865	Condenser Units Listen Through
*1408	Choke Unit 1
*1409	Choke Unit 2
6743	Roller Assy
6739	Inductor P.A.
6745	Inductor V.L.R.
1785	Inductance
1786	Indicators
8464	Choke Unit
2074	Inductances

SECTION 10D

3345	Complipher intercom
2890	Trans Receiver
3415	Remote Control
3419	A.M.P.
2990	Trans Rec.
3310	Wave metre
3318	Wave metre
3342	Cases transit
2153	Rectifier
1278	Cases transit
1082	Receivers
1083	Transmitters
743	Receiver
WE12A	Short Wave Receiver Type WE12A
RAF13	Output unit 12078—Type I
WE13A	Receiver Short Wave—Type WE13A
WE14A	Receiver Short Wave
714	Controls Remote Type C
361	Unions casing
706	Casing flexible
713	Switches couplings type E
717	Unions Casing
737	Coils Amp. Range B
738	Coils Amp. Range C
739	Coils Amp. Range D
740	Transmitter type 1083 Accessories Coil Master Range B
741	Oscillator Coils
1235	Adaptors, Switch Coupling
2382	Receivers type R—1082—Coils—Range J
745	Cases Transit
746	Cases Transit
733	Transmitters
711	Controls Remote Switch
6173	Amplifiers Interphone
4493	Amplifiers
314	Cases Transit
316	Wave Metre
710	Controls Remote
734	Cases Transit
736	Cases Transit
4078	Trans Receiver

SECTION 10E

423	Stabilizer Neon
3121	Cases Transit
3450	Cases Transit
5873	Lamps Indicator Neon
5898	Lamps Neon

SECTION 10F

Ref. No.	Description
822	Starter Automatic Type A
556	Keys Morse
657	Keys Morse
7390	Keys Morse
4456	Switches
2118	Relay
1927	Relay
686	Switch
901	Switches Unit
1020	Relay Unit
1953	Switches Magnetic
2634	Switch Units "B"
3504	Units Relay
6945	Switches
1319	Switch Units
1578	Switch Units
1958	Assembly Switch Hand
4668	Relay Magnetic

SECTION 10H

6174	Box Station Bendix
119	Jacks Telephone
6174	Boxes Station
6914	Boxes Station
5157	Boxes Interphone
5171	Receptacle
120	Jacks Telephone
9684	Microphone
551	Rec. Telephone Head
1322	Microphone Desk Type
1421	Rec. Telephone Head

SECTION 10RA

*359	Blower Motor
358	Blower Motor
364	Generator
369	Motor Driving
462	Motor Driving
603	Inverter Unit
366	Alternators
369	Motors Driving
358	Motor
364	Alternators

SECTION 13C

12	Hygrometer, wet and dry bulb
13	Hygrograph
29	Thermograph

SECTION 14A

694	Units Harmonizing
1107	Shutters Betera
146	Drivers flexible
726	Ind. Pilots Camera Control
RAF1098	Mechanism Panel Units
RAF1099	Cover with Dovetail Slide
1129	Controls Remote Push Switch Night
1175	Tester Friction
8	Cones Cases
382	Watches Camera Gun
354	Camera Pistol Grip

* SECTION 15D

Ref. No.	Description
*3	Axes, Foresters, Sheaths
*36	Knives, Woodcraft
*34	Nets, Fish
37	Snowshoes 1 pr. less harness
5	Kits Emergency personal
24	Kits Emergency nation
69	Carriers suspension

SECTION 16B

325	Vulcanizers
318	Heater Gasoline
324	Lamps Welding large
79	Hydrometers Anti-Freeze
329	Crutches Automobile
323	Nozzles Clamp Welding large
67	Gauges Tire 10-50 lbs.
	Tires (5 types)

SECTION 16C

9	Fixtures distributors timing Wasco
19	Levers flat tire 18"
25	Pliers brake spring
29	Pullers hub
66	Sockets S.A.E.
72	Wrench Spark Plugs
105	Tools Valve fishing
125	Aligner connecting Rod
8	Dollies Fender
10	Gauges Feeler Ford V8
6	Creepers garage

SECTION 16E

106	Strip Heater, G.E.
500026	Spotlight
78 Pt. #87	Plugs, Sparking
94	Plugs, Sparking
8	Heaters, M.T. Elect., engine block
64	Wipers, Windshield

SECTION 27C

Ea. 13	Various types of aircraft and personnel dinghies
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SECTION 27D

14	Various types of aircraft engines, propeller and cockpit covers.
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SECTION 27H

*436	Hatchets, Crash
400	Tents, Aeroplane
431	Hot Boxes, Food

SECTION 40B

10	Case engine, Mercury
18	Case engine, Cheetah IX

SECTION 42E

7	Plant Generating, Gasoline
463	Plant, Gen., 32V
3	Plant, Gas, 110V, 60 cycle

SECTION 50G

Ref. No.	Description
1	Turret, Boulton Paul
	Turret, Frazer Nash, 3 types
*12	Turret, Gun, Bristol
	Trollies Training Turret, Bristol, 3 types

Appendix "B"

PENHOLD, ALBERTA, 31st Aug./45.

LIST OF W/T AND RADAR EQUIPMENT (C.R. & CAT. "E")

Ref.	Description	Qty. Mutilated
10A/107	Generator hand driven type C.....	1
108	Helmet telephone fittings type A.....	35
149	Microphone Hand type A.....	1
457	Motor generator 80W.....	1
551	Received telephone Head type "C".....	55
574	Ammeters 0-3 Amp.....	1
584	Ammeter 94 Amps.....	1
693	Neutralizing Unit Complete.....	158
698	Headset.....	24
863	Ammeter Thermo Couple.....	2
1304	Generators type E.....	2
1310	Mountings generator.....	3
1422	Microphone desk type C1.....	38
2347	Earpieces rubber.....	4
2419	Meters.....	1
3001	Sense Unit DF.....	1
3018	Masks microphone holders.....	127
3019	Pieces face.....	13
3038	Receivers Brandes type.....	305
3250	Indicators compass type C5.....	2
3493	Headsets telephone.....	80
3503	Boxes Jack Harvard, Rear cockpit.....	2
3698	Receivers telephone Head C3.....	114
4363	Junction box.....	5
4397	Microphone type 27.....	70
5161	Unit transformer.....	11
5458	Dials main timing.....	4
5527	Box Junction type 9.....	1
5538	Power unit type 82.....	5
7396	Headsets TH7.....	2
7430	Power Unit type 35A.....	14
7776	Power Unit H7 type 32A.....	13
7971	Receipt type 6.....	—
11994 RAF	Microphones mask type 21.....	26
12573	Microphone.....	95
10B/609	Insulators type 16.....	7
785	Kite aerial type B.....	1
1265	Insulators type C2.....	1
1268	Arresters lightning spares shield.....	1
1502	Arresters lightning type C.....	1
2336	Loops aerial type L Spares Gear boxes.....	24
3002	Aerials Loop type 3.....	14
3210	Aerials Loop type 3 access tubes support.....	3
3212	Assembly Loop.....	3
8740	Aerial A/C type 100.....	1
10C/1409	Choke Units 2.....	2
10D/361	Controls remote type B Spares Casing.....	19
706	Controls remote casings flexible.....	4
710	Controllers C1.....	8
711	Controls switch and tuning.....	3
713	Coupling switch type E.....	20

LIST OF W/T AND RADAR EQUIPMENT (C.R. AND CAT. "E")—Continued

Ref.	Description	Quantity Mutilated
714	Handles.....	32
717	Unions casing.....	60
733	Transmitter type T1083.....	7
734	Cases storage coils.....	27
785	Cases transit coils.....	—
736	Cases transit coils.....	2
737	Coils amplifier range B.....	3
10D/	Coils amplifier Range C.....	8
739	Coils amplifier Range D.....	1
740	Coils.....	4
741	Coils.....	8
742	Coils.....	2
743	Receiver type 1082.....	13
745	Cases transit.....	2
746	Cases transit R1082.....	2
752	Coils aerial range F.....	1
753	Coils aerial range G.....	1
756	Coils aerial range K.....	1
767	Coils anode range F.....	1
768	Coils anode range G.....	1
771	Coils anode range K.....	2
RAF 820	Receivers R1155A.....	4
890	Coils range A.....	1
1235	Adapter.....	16
1263	Receivers WE Model 20A.....	2
1267	Transmitter AT1.....	242
1268	AT1 Switch remote control.....	146
1270	Box junction for AT1.....	186
1275	Transmitter AR2.....	117
1276	Switchboxes intercom for AR2.....	293
1277	Switchboxes remote control AR2.....	175
1424	Amplifier interphone TW 2A.....	13
1428	Receivers AR6 C/L Valves.....	53
1429	Transmitters AT7.....	18
1503	Indicators frequency C1.....	10
1546	Trans Receiver ATR5.....	124
1547	Units remote control ATR5.....	166
1980	Mounting for ATR5.....	114
2383	Coils aerial Range K.....	1
2436	Amplifiers interphone.....	936
2437	Control remote type C1.....	1098
2521	Amplifier interphone type R11637.....	36
2522	Remote control type R11638.....	73
2575	Receiver radio range portable.....	117
2642	Monitors crystal type 2.....	39
2644	Shocks mounting.....	3
2990	Trans receiver TR9D.....	69
3005	Trans receiver type R5081.....	8
3234	Receivers type RA1B.....	12
3292	Receivers type AR2A.....	4
3293	Transmitter TA2J.....	46
3295	Control remote type MT4-c for TA2.....	57
3296	Relay.....	2
3345	Amplifier intercom type B.....	2
3789	Indicators frequency C2.....	44
4038	Coils transmitter high frequency.....	10
4040	Controls remote type MT34D.....	24
4048	Controls remote MN28C.....	1
4078	Trans Receiver TR9F.....	1
4240	Preamplifiers 12/24 volts.....	29
4355	Receiver R3002.....	28
4493	Amplifier type A1134.....	1
6894	Oscillator Units type 18.....	1
7921	Transmitter tuning Unit TV9B.....	2
7922	Tuning Unit TH 10-B.....	2
8097	Receiver type R1124C.....	67
8096	Receiver type R1125B.....	16
10D/8097	Receiver type R1124C.....	14
10F/686	Switches type 9.....	14
822	Starters automatic type A.....	12
1976	Switches midget type C55.....	30
4310	Antenna relay unit.....	2

LIST OF W/T AND RADAR EQUIPMENT C.R. & CAT. "E")—*Concluded*

Ref.	Description	Qty. Mutilated
10H/74	Cords instrument type A.....	22
246	Sockets type 2.....	5
825	Plugs type 62.....	2
1246	Plugs type 101.....	2
1417	Cords instrument.....	9
2515	Receptacles plugs type 1.....	40
2517	Receptacles plugs type 3.....	35
2519	Receptacles plugs type 5.....	3
3434	Connectors.....	5
3693	Cords helmet type C3.....	35
4085	Sockets T137.....	5
4051	Plugs type 209.....	32
4568	Plugs type C14.....	6
4649	Fuses type 72.....	2
5171	Plugs disconnect type C45.....	2
5353	Plugs type C25.....	62
6174	Station boxes.....	5
7836	Plugs type 58.....	49
10RA/359	Blower motor ASD.....	1
364	Generator type R24V.....	Nil
369	Motor driving.....	Nil
10RB/328	IFF Antenna.....	Nil
10RC/94	Filament tuning assy.....	5
10RD/1	ASV Indicator.....	2
2	ASV Indicator.....	Nil
3	ASV TX.....	7
5	RE12458 Trainer C1.....	4
181	Control selector assy Mk III IFF.....	1
213	ASD Receiver.....	10
214	ASD Indicator amplifier.....	10
227	ASD Indicator.....	Nil
228	ASD Receiver mounting assy.....	6
229	ASD Control box.....	7
232	ASD Transmitter mounting assy.....	2
253	Receiver 12V.....	3
291	Cases Transit.....	20
294	Cases Transit for test set No. 21.....	6
295	Cases Transit for test set No. 28.....	1
316	Receiver IFF (ABF).....	Nil
362	Control unit for R3078 Type 83.....	Nil
10RE/2	Valve type micro pup.....	Nil
10RF/6	Overload relay switch 1½A.....	3
225		2

APPENDIX "C"

Mr. Probe asked that copies of instructions received by the R.C.A.F. at various times from War Assets Corporation dealing with the dismantling or destruction of equipment be filed in the proceedings.

Attached are copies of these letters, arranged in chronological order.

File: 954-1-1 (AMSO/ES)

27th December, 1944.

WAR ASSETS CORPORATION,
1212 Dominion Square Building,
Montreal, Que.

Attention: Mr. J. B. Carswell

In keeping with the agreements reached at a meeting in Mr. Sheard's office on 24th May, 1944, our establishments were directed by letter 955-28-15 (D/AMS) dated 29th August, 1944, to reduce repairable and unserviceable

equipment no longer required in the Service to scrap based on the predominant metal content, but to retain such assemblies and accessories in their whole state. A further copy of this directive is attached.

This procedure has recently caused certain repercussions in that items disposed of through standing scrap disposal contracts have subsequently been re-sold. This is possible since articles are not damaged in any manner prior to disposal.

In order to obviate a recurrence of this kind, it will be necessary for this Department to ship and vouch repairable equipment in its whole state to your warehouses.

It would appear obvious that the re-sale of engine and airframe assemblies such as cylinders, crankshafts, reduction gears, undercarriage members, centre sections, empennages, etc., would not offer the difficulties that more attractive items such as magnetos, props, generators, etc., would.

The attached list represents a cross-section of equipment which could possibly be sold at a much higher rate than that received for scrap. Our establishments are being instructed to follow the procedure outlined in the third paragraph above and if on receipt of such equipment the War Assets Corporation decides that it should be damaged to such an extent that would prevent re-sale, why that, of course, is the responsibility of your Corporation, and this Department could raise no objection.

Since repairable items in their whole state are being returned to your warehouses, will you also advise if the same procedure should apply to items in their disassembled state.

H. F. GORDON,
Deputy Minister.

WAR ASSETS CORPORATION

MONTREAL, CANADA

DOMINION SQUARE BUILDING,

File Ref. 218-12D-1

February 15, 1945.

The SECRETARY,
Department of National Defence for Air,
Lisgar Building,
Ottawa, Ont.

Dear Sir:

Re: Disposal Category "E" Equipment

With reference to the conference held in Wing Commander Mielke's office on Tuesday, February 6, 1945 with Squadron Leader T. T. Harris, Mr. Slemmon and Mr. Maloney of this Corporation, at which a study was made of the attractive items of Category "E" equipment being held in the whole state at various R.C.A.F. Depots and Units for disposal, it has been decided that articles in the following R.C.A.F. Vocabulary Sections, Miscellaneous articles selected from other sections, together with certain Appendix "A" items for representative

types of aircraft should be retained in their whole state and declared periodically as Scrap, listing the articles involved. It will not be necessary that this list be priced.

- Machine Tools and Spares
- Machine Tools Accessories
- Work Shop Equipment
- Airdrome Equipment
- Air Compressor and Servicing Trolleys
- Aircraft Ground Equipment
- Lifting and Haulage Tackle
- Navigational Equipment
- Gaseous Apparatus
- Small Arms
- Drawing Instruments
- Cameras
- Kinematograph Projectors and Lanterns
- Man Carrying Parachutes
- Floats Life
- Bicycles and Spares
- Musical Instruments
- Camp Tentage and Equipment

Miscellaneous Items

- Bell, Electric
- Buzzers, Electric
- Motors, Electric
- Motor Generators
- Regulators Voltage
- Various Types of Switches
- Testers, Cell Circuit and Fuze Megger
- Transformers
- Clocks
- Watches
- Chronographs
- Binoculars
- Field Telephone Sets
- Wireless Telephone Test Equipment
- Fire Extinguishers
- Cushions, Aircraft
- Dinghies
- Fuel Tank, Main.gals.
- Fuel Tank, Auxiliary.gals.
- Fuel Wobble Pump
- Hydraulic Hand Pump
- Hydraulic Jack Bomb-bay
- Hydraulic Jack Flap
- Hydraulic Jack Undercarriage
- Air Tank
- Wheels, Tires, Tubes, main
- Wheels, Tires, Tubes, tail
- Oleo Legs, L & R
- Tail Shocks and Castors
- Compasses
- Sprocket Chains and Wheels.

It is to be clearly understood that all R.C.A.F. equipment not listed above and which is written off and placed in R.C.A.F. Scrap Bin is to be mutilated beyond possible repair. In this connection, it is requested that instruction be given that mutilation must be carried out under the supervision of a competent officer or senior N.C.O.

It is desired to thank the officers concerned for the valuable assistance given, our representatives in the preparation of these lists.

Yours very truly,

WAR ASSETS CORPORATION

J. R. DOUGLAS,
Chief, Aircraft Division.

As a result of complaints and observations received of the alleged wholesale destruction of equipment at disbanding schools, the R.C.A.F. amended the instructions issued as a result of the letter of February 15 from War Assets Corporation, which embraced ground as well as airborne equipment. These amended instructions were to cease destruction or burning of all equipment, except airborne equipment, as described in paragraph 4 of Air Force Routine Order No. 611, issued on April 6, 1945, quoted below. It will be noted also that paragraph 5 eliminated the possibility of the destruction of aircraft instruments without specific authority in each case.

"AIR FORCE ROUTINE ORDER No. 611

6th April, 1945.

Repairable Technical Equipment—Retention, for sale by War Assets Corporation

1. Up to and including 14 Apr/46, units and Aeronautical Inspection Districts are to continue to bring on charge as scrap under the predominant metal classification, all "E" priority repairable items and those listed on stop repair orders (other than instruments) detailed on Appendix "A" to this order. A list of these holdings is to be forwarded to Command Headquarters with a request for disposal instructions. Command Headquarters are to instruct units, including Aeronautical Inspection Districts, to ship the items to a specific Surplus Equipment Holding Unit. This equipment is to be vouched to the Surplus Equipment Holding Unit under the predominant metal (section 99) with a list of the items attached to the voucher, detailing section, reference, description, and quantity. On receipt at the Surplus Equipment Holding Unit, the equipment detailed on the list attached to the voucher is to be brought on charge as individual items, and the voucher endorsed accordingly.

2. Subsequent to 14 Apr/45, at all units and overhaul and repair contractors, such items are not to be struck off charge but are to be accounted for as repairable under section and reference. Such items are to be reported to Command Headquarters when a sufficient quantity has accumulated to warrant disposal. Command Headquarters is to arrange for shipment to an appropriate Surplus Equipment Holding Unit and instruct the unit accordingly. The equipment is to be vouched as a service issue under its proper section and reference and is to be properly packed and identified to facilitate checking and storage by the consignee.

3. Airborne spares (except instruments and those listed in the appendix to this order) which is categorized "E" or listed on stop repair orders are to be mutilated and converted to produce under the predominant metal and disposed of through local standing scrap contracts.

4. Non-airborne equipment (except that listed in the appendix to this order) which is categorized "E" or listed on stop repair orders is not to be mutilated but is to be held on charge pending definite instructions regarding possible auction sale by War Assets Corporation.

5. Aircraft instruments (including those listed in the appendix to this order) which are categorized "E" or listed on stop repair orders are not to be struck off charge but are to be reported to Air Force Headquarters. Lists of these items in eight copies are to be submitted monthly to Air Force Headquarters/Directorate of Equipment Supply/S3-2 to arrive not later than the tenth of the month. Air Force Headquarters will instruct units to mutilate and convert to produce those items not required by the United Kingdom or which are not saleable through War Assets Corporation. Appropriate disposal instructions will be issued for those items required by the United Kingdom or which are saleable through War Assets Corporation.

6. This order applies until Surplus Equipment Holding Units are taken over in toto by War Assets Corporation, at which time further instructions will be issued.

7. Air Force Equipment Administration Order Q.28/15 will be amended."

HQ 955-28-15.

APPENDIX TO AFRO 611

1. The following items, although repairable and covered by stop repair orders or allocated "E" repair priority by Air Force Headquarters, are to be dealt with in accordance with instructions in this order.

Section

3A	Machine tools and spares
3B	Machine tool accessories
4A	Workshop equipment
4C	Aerodrome equipment
4F	Air compressors and servicing trollies
4G	Aircraft ground equipment
4L	Lifting and haulage tackle
5A	Bells
	Buzzers
	Motors
	Motor generators
	Switches, various types
	Transformers
5C	Motors electric
	Motor generators
	Switches, various types
	Testers, megger
5U	Motor generators
	Regulators voltage
	Generators of USA manufacture
6A or	Clocks
6AA	Compasses
	Watches
6B	Navigation equipment
	Compasses
	Chronographs
	Watches
6D	Gaseous Apparatus
6E	Binoculars
	Compasses
	Watches
7B	Small Arms
10G	Field telephone sets

Section	
10S	W/T test equipment
13B	Drawing instruments
14A	Cameras
	Projectors
	Lanterns
15B	Parachutes
16C	Cleaners spark plug
16H	Floats life
16J	Bicycles and spares
19	Musical instruments
20	Camp tentage and equipment
21F	Fire extinguishers
26S	Cushions
	Tanks, fuel, main and auxiliary
	Jacks, hydraulic—bom-bay, flap, undercarriage
	Oleo legs, left and right
	Tail shocks and castors
	Chains and sprocket wheels
27A	Wheels, tires and tubes, main and tail (complete assemblies)
27C	Dinghies
27N	Fire extinguishers
537N	Starters of USA manufacture
537J	Fuel wobble pumps
	Hydraulic hand pumps

Copy

WAR ASSETS CORPORATION

P.O. Box 6099

Montreal, Canada

Our File 218-10-51

August 30, 1945.

DEPUTY MINISTER,
Department of National Defence for Air,
Ottawa.

DEAR SIR—Arising out of the investigation of destruction of radio equipment at No. 2 T.S.U. at Penhold, Alberta, I have become aware of a letter of February 15 addressed to the Secretary of Department of National Defence for Air, which lists articles that you are requested to report surplus in a whole state, and confirms an arrangement entered into between employees of this Corporation and Officers of the R.C.A.F. by which all other items, that are classified as repairable Category E items, are to be mutilated beyond repair.

We should like to withdraw this letter of February 15 and request you to issue such instructions as to cancel any procedure of the R.C.A.F. which may exist as a result of it.

The procedure confirmed in Mr. Douglas' letter appears to be a contravention of standing procedure of the Crown Assets Allocation Committee and possibly, also of Section 3, Subsection (1) of the Surplus Crown Assets Act, which reads as follows:—

3. (1) Every government department shall, from time to time, after considering in relation to its immediate or known future needs all property of any kind whatsoever that is in its custody or control or administered by it, make a report to the Minister of all such property that is unnecessary to satisfy its immediate or known future requirements.

Mr. Douglas, in writing his letter of February 15, acted in perfectly good faith with Officers of the R.C.A.F. (who unquestionably acted in equally good faith), but Mr. Douglas was not an officer of the Corporation competent to confirm arrangements involving important questions of policy, and it is our view that no employee or Officer of this Corporation is authorized to make any arrangement which has the effect of circumventing the standing procedure of the Crown Assets Allocation Committee. It is for this, apart from any question of the merits or demerits of destruction of this material, that we request an immediate suspension of any acts resulting from the letter of February 15.

Yours very truly,

(Sgd) F. O. PETERSON,
Vice-President and Secretary.

Files: *223-11-10, 223-11, 4-1-26 (Montreal)

Copy

CROWN ASSETS ALLOCATION COMMITTEE

September 4, 1945.

H. F. GORDON, Esq.,
Deputy Minister,
Dept. of National Defence (Air),
Lisgar Building,
Ottawa, Canada.

DEAR MR. GORDON—I have had drawn to my attention an item of a Cabinet meeting held August 16, which reads as follows:—

Agreed that, on the authority of the Minister concerned, surplus ammunition not required by the Service might be dumped at sea or otherwise destroyed without proceeding through the normal channels of surplus disposal.

I presume that your Department is proceeding in accordance with this Cabinet decision and I thought it better to advise you that my reading of the decision covers all ammunition, irrespective of whether it has already been reported as surplus or not.

Might I suggest also that, in the future and for record purposes only, any ammunition destroyed or dumped by your Department be reported as surplus in accordance with the usual procedures, such reports to bear a notation to the effect that the ammunition has been disposed of, specifying the method adapted.

Yours very truly,

(Sgd) J. H. BERRY.

Copy—H. R. Malley, Esq.,
Montreal Office File 4-1-26.

Copy

18th September, 1945.

Mr. F. O. PETERSON,
Vice-President and Secretary,
War Assets Corporation,
4095 St. Catherine St. West,
Montreal, P.Q.

DEAR SIR—Your letter of 30th August, 1945, file 218-10-51, stating that you would like to withdraw your Corporation's letter of 15th February, 1945, with respect to destruction of category "E" items, has been received. However, since action in accordance with this letter had been taken on certain equipment prior to the receipts of your letter of 30th August, withdrawal of the letter of 15th February is not feasible. Instead, the instructions contained in the letter of 15th February are considered cancelled effective the date of your letter requesting withdrawal.

You are assured that further acts resulting from the letter of February 15th have been suspended. In fact, this is an appropriate opportunity to inform your Corporation that the Minister of the Department of National Defence for Air has ordered the R.C.A.F. to refrain in future from the destruction of any surplus equipment. All destruction of surplus stores declared by the Department of National Defence for Air must, therefore, of necessity be performed by, or under, the direct supervision of the War Assets Corporation.

Your remarks regarding the competency of Mr. Douglas to sign letters containing decision of policy have been noted. It is presumed that letters of this nature will in future be signed by the President or Vice-President and Secretary of the Corporation.

Yours very truly,

(Sgd) H. F. GORDON,
Deputy Minister.

Copy

File: 7-1-26
4095 St. Catherine St., West,
Wellington 3611

May 14, 1945.

WAR ASSETS CORPORATION

P.O. Box 6099

MONTREAL 6, CANADA

THE SECRETARY,
Department of National Defence for Air,
Lisgar Bldg.,
Ottawa, Ont.

Attention: S/L R. B. Leeson, Disposal: Surplus Hurricane Airframe Spares.

DEAR SIR—With reference to your letter, file 938AF-1-16 (DES/S3-2), dated April 26th, 1945, enclosed herewith list of spares in triplicate, which it is recommended be retained and declared to this Corporation as scrap, in accordance with a recent agreement.

It is requested that definite instructions be given that the spares being scrapped and placed in R.C.A.F. scrap bins be mutilated to such an extent that they cannot be used for aircraft use, and that mutilation be under the supervision of an officer, or Senior N.C.O.

Returned herewith one copy of the list forwarded under cover of the above noted letter.

Yours very truly,

WAR ASSETS CORPORATION,

(Sgd.) T. C. SLEMON,
For: *The Chief,*
Aircraft Division.

WAR ASSETS CORPORATION

P.O. Box 6099

MONTREAL, CANADA.

4095 St. Catherine Street West,

Wellington 3611

May 14, 1945.

THE SECRETARY,
Department of National Defence for Air,
Lisgar Bldg.,
Ottawa, Ont.

Attention: F/O F. L. Wood

Re: Disposal—Nomad Airframe Spares.

DEAR SIR—Reference letter 938HW-1-16(S3-2), dated May 10th, 1945, enclosed herewith list of spares in triplicate, which it is recommended be retained and declared to this Corporation, as scrap, in accordance with a recent agreement.

It is requested that definite instructions be given that the spares being scrapped and placed in R.C.A.F. scrap bins be mutilated to such an extent that they cannot be used for aircraft use, and that mutilation be under the supervision of an officer or Senior N.C.O.

Returned herewith one copy of the list forwarded under cover of the above noted letter.

Yours very truly,

WAR ASSETS CORPORATION.

Copy

WAR ASSETS CORPORATION

P.O. Box 6099

MONTREAL 6, CANADA

File: 7-1-26

4095 St. Catherine St., West,
Wellington 3611

May 17, 1945.

THE SECRETARY,
Department of National Defence for Air,
Lisgar Bldg.,
Ottawa, Ont.

Attention: F/O F. L. Wood

Disposal: Anson Spares: Held at No. 2 A.N.S., No. 1 E.D., No. 11 E.D.,
and No. 1 R & NS.

DEAR SIR—With reference to your letter, file 938DD-1-16(S3-2) dated May 10, 1945, enclosed herewith list of spares in triplicate which it is recommended be retained and declared to this Corporation as scrap, in accordance with a recent agreement.

It is requested that definite instructions be given that the spares being scrapped and placed in R.C.A.F. scrap bins be mutilated to such an extent that they cannot be used for aircraft use, and that mutilation be under the supervision of an officer, or Senior N.C.O.

Returned herewith one copy of the lists forwarded under cover of the above noted letter.

Yours very truly,

WAR ASSETS CORPORATION,

(Sgd.) T. C. SLEMON,

For: *The Chief,*
Aircraft Division.

Copy

WAR ASSETS CORPORATION

P.O. Box 6099

MONTREAL 6, CANADA

File: 7-1-26 Vol. 5

4095 ST. CATHERINE STREET WEST,
Wellington 3611.

July 18, 1945.

The SECRETARY,
Department of National Defence for Air,
Lisgar Bldg.,
Ottawa, Ont.

Attention: F/O F. L. Wood

Disposal: Rolls Royce Merlin Aero Engine Spares
Held in R.C.A.F. Stocks

DEAR SIR,—With reference to your letter, file 935DD-2-16 (DES/S3-2-1B), dated June 23, 1945, returned herewith copy of list, together with approval for reduction to produce of the spares listed.

In this connection it is requested that definite instructions be given that the spares be mutilated to such an extent that they cannot be used for aircraft use, and that mutilation be under the supervision of an officer, or Senior N.C.O.

Yours very truly,

WAR ASSETS CORPORATION.

(Sgd.) T. C. SLEMON,
for: *The Chief, Aircraft Division.*

Copy

WAR ASSETS CORPORATION

P.O. Box 6099

MONTREAL 6, CANADA

File: 7-1-26 Vol. 5

4095 ST. CATHERINE STREET WEST,
Wellington 3611.

July 18, 1945.

The SECRETARY,
Department of National Defence for Air,
Lisgar Bldg.,
Ottawa, Ont.

Attention: F/O J. W. O'Connor

Disposal: Surplus Lysander & Beaufort A/C Spares
Held at No. 4 R.D., Scoudouc, N.B.

DEAR SIR,—With reference to your letter, file 952-12-6/4, 938AU-1-16 (S3-2), 938AY-1-16, dated June 13, 1945, attached hereto approval for reduction to produce of the spares listed.

In this connection it is requested that definite instructions be given that the spares be mutilated to such an extent that they cannot be used for aircraft use, and that mutilation be under the supervision of an officer, or Senior N.C.O.

Yours very truly,

WAR ASSETS CORPORATION

(Sgd.) T. C. SLEMON,
for: *The Chief, Aircraft Division.*

Copy

WAR ASSETS CORPORATION

P.O. Box 6099

MONTREAL 6, CANADA

File: 7-1-26 Vol. 5

4095 ST. CATHERINE STREET WEST,
Wellington 3611.

July 18, 1945.

The SECRETARY,
Department of National Defence for Air,
Lisgar Bldg.,
Ottawa, Ont.

Attention: F/O J. W. O'Connor

Disposal: Lysander Spares—Sect. 26AU & 36R
Held at R.C.A.F. Station, Patricia Bay, B.C.

DEAR SIR,—With reference to your letter, file 938AU-1-16 (S3-2), dated June 18, 1945, attached herewith approval for reduction to produce of the spares listed.

In this connection it is requested that definite instructions be given that the spares be mutilated to such an extent that they cannot be used for aircraft use, and that mutilation be under the supervision of an officer, or Senior N.C.O.

Yours very truly,

WAR ASSETS CORPORATION

(Sgd.) T. C. SLEMON,
for: *The Chief, Aircraft Division.*

Copy

WAR ASSETS CORPORATION

P.O. Box 6099

MONTREAL 6, CANADA

File: 7-1-26 Vol. 5

4095 ST. CATHERINE STREET WEST,
Wellington 3611.

July 18, 1945.

The SECRETARY,
Department of National Defence for Air,
Lisgar Bldg.,
Ottawa, Ont.

Attention: F/O F. L. Wood

Disposal: Bristol Aero Engine Spares
Held at No. 12 Equipment Depot, Montreal

DEAR SIR,—With reference to your letter, file 935R-1-16 (DES/S.3-2), dated June 23, 1945, returned herewith copy of list, together with approval for reduction to produce of the spares listed.

In this connection it is requested that definite instructions be given that the spares be mutilated to such an extent that they cannot be used for aircraft use, and that mutilation be under the supervision of an officer, or Senior N.C.O.

Yours very truly,

WAR ASSETS CORPORATION

(Sgd.) T. C. SLEMON,
for: *The Chief, Aircraft Division.*

Copy

WAR ASSETS CORPORATION

P.O. Box 6099

MONTREAL 6, CANADA

File: 7-1-26 Vol. 5

4095 ST. CATHERINE STREET WEST

Wellington 3611

July 21, 1945.

The SECRETARY,
Department of National Defence for Air,
Lisgar Bldg.,
Ottawa, Ont.

Attention: F/O F. L. Wood

Disposal: Fairey Battle A/F Spares and Merlin Eng. Spars

Held at No. 10 B. and G. School, Mount Pleasant, P.E.I.

DEAR SIR,—With reference to your letter, file 938JJ-1-16(DES/S3-2-1B), dated July 11, 1945, enclosed herewith list of spares in triplicate which it is recommended be retained and declared to this Corporation as scrap, in accordance with a recent agreement.

It is requested that definite instructions be given that the spares being scrapped and placed in R.C.A.F. scrap bins be mutilated to such an extent that they cannot be used for aircraft use, and that mutilation be under the supervision of an officer, or senior N.C.O..

Returned herewith one copy of the list forwarded under cover of the above noted letter.

Yours very truly,

WAR ASSETS CORPORATION,

(Sgd.) T. C. SLEMON,

for: The Chief,
Aircraft Division.

Copy

WAR ASSETS CORPORATION

P.O. Box 6099

MONTREAL 6, CANADA

File: 7-1-26 Vol. 6

4095 ST. CATHERINE STREET WEST

Wellington 3611

July 26, 1945.

The SECRETARY,
Department of National Defence for Air,
Lisgar Bldg.,
Ottawa, Ont

*Attention: F/O F. L. Wood**Disposal: Bolingbroke Airframe Spares—Sect. 26AC*

Held at No. 1 Equipment Depot, Toronto, Ontario.

DEAR SIR,—With reference to your letter, file 938AC-1-16 (S3-2), dated July 20, 1945, enclosed herewith list of spares in triplicate, which it is recommended be retained and declared to this Corporation as scrap, in accordance with a recent agreement.

It is requested that definite instructions be given that the spares being scrapped and placed in R.C.A.F. scrap bins be mutilated to such an extent that they cannot be used for aircraft use, and that mutilation be under the supervision of an officer, or Senior N.C.O.

Returned herewith one copy of the list forwarded under cover of the above noted letter.

Yours very truly,

WAR ASSETS CORPORATION,

(Sgd.) T. C. SLEMON,
for: The Chief,
Aircraft Division.

Copy

WAR ASSETS CORPORATION

P.O. Box 6099

MONTREAL 6, CANADA

File: 7-1-26 Vol. 6

4095 ST. CATHERINE STREET WEST

Wellington 3611

August 21, 1945.

The SECRETARY,
Department of National Defence for Air,
Lisgar Bldg.,
Ottawa, Ont

Subject: Disposal: Anson II Airframe Spares

DEAR SIR,—Reference letter 938DD-2-16 (A.M.S.O./D.E.S.), dated August 13, 1945, enclosed herewith list of spares for Anson II Aircraft held at No. 1 Equipment Depot, R.C.A.F., Toronto, and No. 11 Equipment Depot, R.C.A.F., Calgary, which it is requested be set aside for ultimate disposal to the aircraft industry by this Corporation.

It is requested that a declaration covering these parts be forwarded to this office as soon as possible, please, and the Commanding Officer, No. 1 Equipment Depot, Toronto, advised that all other Anson spares can be turned over to Mr. L. K. Garwood for disposal by auction on or about August 27 next.

In view of the limited time available it is requested that the Commanding Officer at Toronto be advised as soon as possible so that these items may be viewed by prospective purchasers at the auction sale, please.

Yours very truly,

WAR ASSETS CORPORATION,

(Sgd.) T. C. SLEMON,

for: The Chief,
Aircraft Division.

APPENDIX D

LIST OF QUESTIONS ASKED BY THE WAR EXPENDITURES AND ECONOMIES COMMITTEE ON FRIDAY, MAY 17, 1946

Mr. MacGregor asked for a break-down of leased properties returned to the owners covering the following points:—

- (a) Who were the Lessors
- (b) How much money was spent on them
- (c) In what condition the property was turned back
- (d) How much was realized on turning back to the owners

Mr. Stewart asked for similar information with particular reference to No. 2 Manning Depot, Brandon, Man.

The answers to these questions are contained in the attached sheets.

It is correct to state generally that there was no cost to put the properties back into their original condition because the settlements which were arrived at provided for the return of the properties to the various owners in existing state at the time of settlement.

The figures contained in the statement on the disposal of lands and buildings submitted on 17th May, were obtained from the Treasury offices. On checking in order to provide the details which are now given, it was established that there was some discrepancy in the amounts as shown for Victoriaville, Toronto and Brandon. The corrected figures are:—

For No. 3 I.T.S. Victoriaville.....	\$ 147,451 66
For No. 1 Manning Depot, Toronto.....	655,692 10
For No. 2 Manning Depot, Brandon.....	179,179 01

These are supported by the break-down of details attached herewith. In addition, two other properties which were omitted are now included, namely Edmonton, No. 3 Manning Depot, on which the R.C.A.F. expended a total of \$699,750.04—Three Rivers, No. 3 Aircrew Graduate Training School where the R.C.A.F. expenditures totalled \$63,750.32, in addition to the amounts previously spent by the Army before occupancy by the R.C.A.F. totalling \$587,271.47.

The Manning Depot at Quebec which was included in the statement of properties transferred to the Army and also shown in the statement of leased properties returned to owners was correctly included under the former heading and has been deleted from the leased properties statement.

Mr. Shaw observed an apparent error in the figure quoted for Bowden. This has been established as a clerical error, the correct figure being \$1,196,121.44. Similar typographical and clerical errors in the haste of preparation of this document occurred in the following instances:—

Botwood, Nfld., Correct figure.....	\$3,045,740 28
Regina, Sask., Correct figure.....	60,000 00
Tufts Cove, N.S., Correct figure.....	197,000 00

The following declarations omitted from the original statement of properties declared to Crown Assets Allocation Committee are now included:—

Frank Lake, R.1 to High River.....	\$ 89,989 07
No. 2 E.F.T.S. Fort William.....	441,335 16
Several buildings at Sea Island, B.C.....	74,000 00
Hangar No. 1, No. 8 Repair Depot, Winnipeg..	100,000 00

Attached is a revised summary of R.C.A.F. lands and buildings disposed of in which the above corrections are reflected.

STATEMENT OF DISPOSAL OF R.C.A.F. LANDS AND BUILDINGS

1. Declared to Crown Assets Allocation Committee—See Table I.....	\$ 108,656,072 40
2. Transferred to Department of National Defence (Army)—See Table II.....	11,535,368 76
3. Transferred to Department of National Defence (Navy)—See Table II.....	2,777,332 38
4. Construction on leased property returned to owners—See Table II.....	3,639,583 36
5. Gander Airport.....	19,960,170 85
	\$ 146,568,527 75

Values are original cost.

BREAKDOWN OF DETAILS CONCERNING LEASED PROPERTIES RETURNED TO OWNERS

No. 3 I.T.S., VICTORIAVILLE, QUEBEC

COLLEGE DU SACRE COEUR

LESSOR—Province of Quebec	\$87,500 00 per annum
	1 Mar./41 — 23 Feb./43,
	if required, rent free.
	1 Mar./43 — 28 Feb./46.

R.C.A.F. Construction

Alterations to leased buildings	\$ 75,142 60
Hospital	26,181 75
Garage	4,408 00
Oil House	907 30
Fire Hose Houses	320 00
Fencing	2,155 70
Gas Chamber Building	950 00
Roads and landscaping	18,730 45
Sewer and Water	15,531 66
Miscellaneous	3,074 20

\$147,451 66

Additional construction of \$81,938.72, in the form of a Drill Hall and Parade Ground, was handed over to Department of National Defence (Army).

Settlement

Negotiated by the War Assets Corporation — details not known.

No. 2 I.T.S., REGINA, SASK

REGINA COLLEGE

LESSOR — University of Saskatchewan.....Lump sum \$20,000 00

NORMAL SCHOOL

LESSOR — Province of Saskatchewan.....\$1.00 for term of lease.

R.C.A.F. Construction

REGINA COLLEGE

Alterations to original buildings	\$ 23,224 00	
Alterations to Gymnasium	940 00	
Drill Hall	39,540 64	
Coal Storage Compound	771 00	
Medical Research Building	31,895 92	
Workshop (W&B)	8,562 00	
Incinerator	1,100 00	
Power House (Heating)	4,294 45	
Parade Ground and Roads	7,446 67	
Miscellaneous	3,259 95	
		\$121,034 63

NORMAL SCHOOL

Alterations to existing building	\$ 15,002 75	
M.T. Section	8,979 97	
O.R. Quarters	20,904 67	
O.R. Quarters	20,834 68	
O.R. Quarters	27,360 39	
Roads	4,820 00	
Sewer and Water	2,097 94	
Miscellaneous	1,349 75	
		101,500 65
		\$222,535 28

Settlement

REGINA COLLEGE

Works, buildings and services constructed or installed by the Dominion handed over to the University of Saskatchewan.
(Authority: P.C. 9274 dated 15 December, 1944.)

NORMAL SCHOOL

Works, buildings and services constructed or installed by the Dominion handed over to the Province of Saskatchewan.
(Authority: P.C. 9273 dated 15 December, 1944.)

No. 4 I.T.S., EDMONTON, ALBERTA

THREE DORMITORY BUILDINGS AND LAND

LESSOR—University of Alberta\$1.00 for term

PROVINCIAL NORMAL SCHOOL

LESSOR—Province of Alberta\$1.00 per year

R.C.A.F. Construction

Alterations to buildings, roads, parade ground and fencing	{ \$ 12,789.42
Low Pressure Chamber	40,302.46
Drill Hall and Garage	3,665.89
Heating	56,545.63
Canteen	11,245.00
Canteen Heating	12,489.00
Sewer & Water Services	2,187.00
Incinerator	5,940.42
Miscellaneous	3,479.92
	7,620.92
	<hr/>
	\$156,365.66
	<hr/>

Settlement

1. Cash payment to the University of \$42,100.00
 2. Buildings and improvements constructed by His Majesty to become the property of the University.
 3. Cash payment to the Province of \$13,013.66.
 4. Buildings and improvements constructed on the grounds of the Normal School to become the property of the Province.
- Negotiated by War Assets Corporation.
 Authority: P.C. 2053 dated 27 March, 1945, P.C. 3747 dated 29 May, 1945.

No. 5 I.T.S., BELLEVILLE, ONTARIO

ONTARIO SCHOOL FOR THE DEAF

LESSOR—Province of Ontario \$1.00 for term of lease

R.C.A.F. Construction

Alterations to existing buildings	\$127,176.41
Drill Hall	77,342.38
Revolver Range	14,233.77
M.T. Section	10,158.30
Guard House and Sentry Boxes	5,021.26
Parade Ground	12,773.24
Sports Field	1,491.52
Fences	3,273.28
Misc. (including roads, sidewalks, sewers, etc.) ..	8,700.29
	<hr/>
	\$260,170.45
	<hr/>

Settlement

- Cash settlement of \$31,000.00 paid to the province of Ontario and all buildings and installations left in place.
 (Authority: P.C. 7329, dated 21 September, 1944).

No. 6 I.T.S., TORONTO, ONTARIO

TORONTO NORMAL SCHOOL

LESSOR—Province of Ontario\$1.00 for term of lease.

R.C.A.F. Construction

Alterations to existing buildings	\$ 80,633.55
N.C.O. & O.R. Mess	46,651.73
Revolver Range	9,844.50
M.T. Section	9,348.41
O.R. Quarters	33,392.13
Medical Selection Board Bldg.	39,122.50
Stores Building	13,544.85
Drill Hall	65,683.80
Link Trainers	37,265.59
W. & B. Office	367.33
Squadron Offices	2,946.00
Guard House	801.04
Parade Ground	12,608.00
Miscellaneous	5,179.18

\$357,388.61
Settlement

All buildings and services constructed or installed by the Dominion handed over to the Province of Ontario.

(Authority: P.C. 5302, dated 12 July, 1944).

No. 7 I.T.S., SASKATOON, SASK.

PROVINCIAL NORMAL SCHOOL, SASKATOON

LESSOR—Province of Saskatchewan..... \$1 00 per annum

R.C.A.F. Construction

Parade Ground	\$ 5,900 00
Drill Hall	107,923 81

\$113,823 81
Settlement

Cash payment of \$11,221.73 to the Province of Saskatchewan, being estimated cost of restoration of the premises and local improvement taxes assessed by the City of Saskatoon during occupancy (\$10,814.31 plus \$407.42).

Drill Hall and Parade Ground constructed by the Dominion handed over to the Province.

(Authority: P.C. 7330 dated 21 September, 1944)
P.C.66/982 dated 14 February, 1945)

No. 4 WIRELESS SCHOOL, GUELPH, ONT.

SCHOOL OF COOKERY, GUELPH

ONTARIO AGRICULTURAL COLLEGE

LESSOR—Province of Ontario..... \$1 00 for term of lease

CUTTEN FIELDS GOLF CLUB

LESSOR—Guelph Golf and Recreational

Club, Limited..... \$3,000 00 per annum 1st year

\$2,500 00 per annum thereafter

R.C.A.F. Construction

Agricultural College

Alterations to existing buildings	\$	67,437 36	
Spotlight Trainer Building...		32,549 38	
Motor Transport Section.....		10,634 03	
Gas Storage and Pumps.....		544 40	
Guard House.....		6,955 57	
Oil and Paint Stores.....		1,088 00	
Fire and Protection System...		1,109 86	
Sewers		8,485 22	
Sentry Boxes.....		773 83	
Incinerator		1,108 44	
Fencing		5,507 59	
Roads and sidewalks.....		7,296 19	
Parade Ground.....		13,224 00	
Forms and Benches.....		9,156 55	
Miscellaneous		2,676 03	
			\$ 168,546 95
Golf Club			
Addition to clubhouse.....	\$	17,100 50	
Sewers, etc.....		9,400 00	
Coal Storage.....		600 00	
Fencing		557 50	
			\$ 27,658 00
			<u>\$ 196,204 95</u>

Settlement

Agricultural College

1. Cash payment to Province to cover costs of restoration... \$ 105,442 00
2. Cash payment being difference between value of Provincial equipment loaned (\$69,739.54) and present value (\$38,950.56) 30,788 98
3. Buildings and Services constructed or installed to be handed over to the Province of Ontario.

(Authority: P.C. 1826 dated 16 March, 1945.)

Golf Club

1. Cash payment to the Guelph Golf and Recreational Club, Ltd., in lieu of restoration of premises \$ 5,500 00
2. Buildings and installations to be handed over to the Golf Club.
(Authority: P.C. 9595 dated 3 January, 1945.)

No. 1 MANNING DEPOT, TORONTO, ONTARIO

CANADIAN NATIONAL EXHIBITION GROUNDS

LESSORS—Corporation of the City of Toronto.
Canadian National Exhibition Association.
The Royal Agricultural Winter Fair Association of Canada.

Properties used jointly by the three Armed Services.

R.C.A.F. Construction

Grandstand	\$ 29,051.10
Coliseum, East and West Annexes.....	117,522.11
Service Building.....	76,411.59
Cattle Building.....	49,818.84
Sheep Building & Judging Pen.....	66,426.32
Electric Building.....	66,467.21
Mfgs. and Women's Building.....	100,024.67
Heating Systems.....	38,874.54
Equipment	54,502.04
Miscellaneous	56,593.68
	<hr/>
	<u>\$655,692.10</u>

Settlement

Being negotiated by Department of National Defence (Army) on behalf of the three Services.

No. 2 MANNING DEPOT, BRANDON, MANITOBA

LEASES

1. DISPLAY BUILDING—Provincial Exhibition Grounds
Lessor—The Provincial Exhibition of Manitoba. \$ 175.00 per month
2. OTHER BUILDINGS (9)—Provincial Exh. Grounds
Lessor—The Provincial Exhibition of Manitoba. 400.00 per month
3. FRAME BUILDING and LEAN-TO—Prov. Exh. Grds.
Lessor—Women's Hospital Aid Society..... 55.00 per month
4. CLASSROOM (5)—King George School, Brandon
Lessor—Board of Trustees of the School District of Brandon No. 129..... 125.00 per month
5. LAND AND BUILDINGS
Lessor—Brandon Winter Fair and Livestock Association, together with the Province of Manitoba..... 115.00 per month to Association
2,000.00 per annum to Province

6. BRANDON TECHNICAL SCHOOL

Lessor—School District of Brandon No. 129.... No charges, but the Dominion to refit for temporary use another building, cost not to exceed \$3,000.00

7. 5,500 Sq. Ft. SPACE, MASSEY HARRIS BUILDING

Lessor—Massey Harris Co., Ltd..... \$100.00 per month
31 May-31 Oct.
110.00 per month
31 Oct.-31 May

Expenditures by R.C.A.F.

Leases 1 and 2—Alterations to Buildings.....	\$ 62,088.06
Lease 3 —Alterations to Buildings.....	3,201.70
Lease 4 —.....	Nil
Lease 5 —Alterations to Buildings.....	37,331.00
Lease 6 —Alterations to Buildings.....	25,443.35
Lease 7 —Alterations to Buildings.....	1,109.50
	<u>\$179,179.01</u>

Settlements

Leases Nos. 1, 2, 3, 4, 6, and 7... Any installed fixtures, alterations, etc., handed over to Lessors.

Lease No. 5..... Cash payment to the Lessor of \$18,000.00; fixtures, additions left in place.

(Authority: P.C. 6815 dated 29 August, 1944).

No. 3 MANNING DEPOT, EDMONTON, ALBERTA

EDMONTON EXHIBITION GROUNDS LESSOR—

City of Edmonton..... \$1.00 per annum

R.C.A.F. Construction

Alterations to leased property.....	\$ 342,400 17
Airmen's Quarters.....	39,869 62
Airmen's Quarters.....	39,500 00
Airmen's Quarters.....	39,500 00
N.C.O.'s Quarters.....	16,379 78
N.C.O.'s Quarters.....	16,379 78
Guard House.....	8,852 54
Drill Hall.....	50,322 62
Garage.....	12,479 43
Link Trainer Building.....	59,661 80
Sewer and Water.....	44,414 83
Electrical Services.....	2,478 68
Roads and Parade Ground.....	21,064 91
Fencing.....	1,102 25
Fire Alarm System.....	3,557 86
Miscellaneous.....	1,785 77

\$ 699,750 04

Settlement

All construction, alterations and improvements made upon the property transferred to the City of Edmonton.

Negotiated by War Assets Corporation.

(Authority: P.C. 8819 dated 20th November, 1944).

EX-No. 3 A.G.T.S., THREE RIVERS, QUEBEC

EXHIBITION GROUNDS

LESSOR—Corporation of the City of Three Rivers \$1.00 per annum
(plus yearly charge of \$3,300.00 for water).

Construction Costs

Alterations to existing buildings and construction of temporary accommodation.	\$ 547,811 89
Services, sewer, water, fencing, etc.....	64,654 66
Parade Ground.....	5,308 84
Roads.....	33,246 40
	<hr/>
	\$ 651,021 79
	<hr/>
Army expenditures prior to R.C.A.F. taking over.....	\$ 587,271 47
R.C.A.F. expenditures (alterations to accom- modation to fit it for R.C.A.F. use).....	63,750 32
	<hr/>
	\$ 651,021 79
	<hr/>

Settlement

Negotiated by War Assets Corporation—details
not known.

Gov. Doc
Can
Com
UK
Canada War
Expenditures
1946
OFFICIAL
IN 200702408
UNIVERSITY OF TORONTO
SESSION 1946
HOUSE OF COMMONS

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SPECIAL COMMITTEE

ON

WAR EXPENDITURES AND ECONOMIES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 14

THURSDAY, MAY 23, 1946

WITNESSES:

Captain G. B. Hope, Assistant Chief, Naval Administration and Supply;
Commander Robert McGregor, Ship Repair (Navy);
Group Captain Victor S. J. Millard, Supply Staff Officer, R.C.A.F. Command Headquarters, Uplands, Ont.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1946

MINUTES OF PROCEEDINGS

THURSDAY, May 23, 1946.

The Special Committee on War Expenditures and Economies met at 11.00 a.m., the Chairman, Mr. Isnor, presiding.

Members present: Messrs. Black (*Cumberland*), Bradette, Cote (*Verdun*), Golding, Homuth, Isnor, Jackman, Marier, Marquis, Murphy, McCullough (*Assiniboia*), McGregor, McIlraith, McLure, Shaw, Smith (*Calgary West*), Stewart (*Winnipeg North*), Winkler.

In attendance: Mr. H. F. Gordon, Deputy Minister of National Defence for Air; Group Captain Victor S. J. Millard, Supply Staff Officer, R.C.A.F. Maintenance Command Headquarters, Uplands; Lt. Col. W. M. Thomson, Assistant Director of Ordnance Services (Provision); Captain G. B. Hope, Assistant Chief, Naval Administration and Supply; Commander Robert McGregor, Ship Repair Section (Navy); Mr. H. R. Low and Mr. J. S. Irvin, Assistants to the President, War Assets Corporation.

The Clerk read a communication from Mr. George J. McIlraith, Parliamentary Assistant to the Minister of Reconstruction and Supply giving additional information in reply to questions submitted by Mr. D. M. Fleming, M.P., on April 2.

A communication from Colonel W. G. Denney, answering a question by Mr. Stewart, was also tabled, and ordered to be printed as an appendix to this day's Minutes of Evidence. (*See Appendix "A"*).

Captain G. B. Hope was recalled. He filed a statement showing expenditures on yachts and harbour craft chartered during the war, and listed on pages 137 and 138 of the Committee's printed record.

In the course of Captain Hope's examination, Commander McGregor was also called and questioned.

Witnesses retired.

Group Captain Millard was recalled and further examined.

At 1.10 p.m., witness retired and the Committee adjourned until tomorrow, Friday, May 24, at 11.00 a.m.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

May 23, 1946.

The Special Committee on War Expenditures and Economies met this day at 11.00 o'clock a.m. The Chairman, Mr. Gordon B. Isnor, presided.

The CHAIRMAN: Gentlemen, it is just now striking eleven o'clock, we have our quorum and we will immediately proceed to business. Before calling on the first witness I will ask the clerk of the committee to read correspondence which he received today.

The CLERK:

May 22, 1946.

Mr. R. ARSENAULT,
Assistant Chief,
Committees and Private Legislation Branch,
House of Commons,
Ottawa.

DEAR Mr. ARSENAULT:

You will recall that on April 16, 1946 I answered question asked by Mr. D. M. Fleming, M.P., and in the answer indicated that when additional information was available, I would bring it forward. I now have additional information concerning the sale of part of the real estate occupied by Research Enterprises Limited. I attach herewith memorandum concerning this sale.

Yours sincerely,

(Signed) George J. McIlraith, M.P.,
Ottawa West.

WAR EXPENDITURES COMMITTEE

May 9, 1946.

On Tuesday, April 16, 1946, I answered, in so far as the information was then available, a question asked by the Honourable Member for Eglinton, concerning Research Enterprises Limited. That answer will be found at page 134 in the Minutes of Evidence of this committee.

The sale of an additional part of Research Enterprises Limited plant at Leaside, Ontario, has been completed. I therefore desire to give additional information by way of answer to the Honourable Member's question.

An additional piece of property was sold to Rogers Majestic Limited, Toronto, containing approximately 8.42 acres, including buildings. It is usually referred to as Buildings 5A, 6, 6A, 6B, 6C, 8A, 8B, 8C, 10, 12, 22, 25, 36 and part of 5. The cost to the crown was approximately as follows:

Land—\$28,214.55.

Buildings, improvements and equipment—\$1,400,000.00.

The sale price was \$628,214.55—payable as follows: \$62,821.45 cash upon execution of the agreement of sale, \$40,393.10 upon closing, and the balance of \$525,000 in ten equal annual instalments secured by mortgage at $3\frac{1}{4}$ per cent per annum.

Solicitors for the purchaser are Messrs. Borden, Elliot, Kelley, Palmer & Sankey, of Toronto.

Possession given on or before April 30, 1946, provided, however, possible requirements by His Majesty of the lands or portion thereof for the completion of obligations incurred by His Majesty during the war.

George J. McIlraith, M.P.

The CHAIRMAN: There is also a letter from the Department of National Defence (Army) dated the 23rd May, 1946, which I would ask the clerk to read:

Ottawa, 23 May 46.

Chairman Special Committee
on War Expenditures and Economies.

1. As requested herewith answer for the following question asked at your committee's meeting dated 7th May 46:

Question by Mr. Stewart:

"Would it also be possible for us to be given a breakdown of the vehicles on hand along the same lines as the statement given us first of all by Colonel Denney as of the 30th April?"

2. Sufficient quantities of the above-mentioned answer for distribution to members of your committee are forwarded herewith.

(Signed) W. G. Denney

(W. G. Denney) Colonel,
Branch of the Master-General of the Ordnance.

The CHAIRMAN: Gentlemen, I take it that you have all received copies of the reply to this question which was asked by Mr. Stewart on May 7; shall we take it as read and have it included as an appendix to the minutes of proceedings of this meeting?

Some Hon. MEMBERS: Yes.

(Reply to question appears as appendix "A" to this day's proceedings.)

The CHAIRMAN: Gentlemen, following our last meeting I telephoned Captain Hope in an effort to have him appear before this committee to clean up, I hope, the question of ships, which has been outstanding for some time. That is a question which was asked by Mr. McGregor, and to which an answer was given by Captain Hope at a previous meeting but Mr. McGregor did not consider it complete and asked for further information. Captain Hope has that now and I will ask him to take the stand.

Captain G. B. Hope, Assistant Chief, Naval Administration and Supply, recalled:

Mr. MURPHY: Mr. Chairman, before you start with the witness I wonder if I might make a correction. At our last meeting, on Tuesday, I think I said I had got in touch with Mr. Berry by telephone in Montreal regarding certain gas shovels.

The CHAIRMAN: Yes, you gave Mr. Berry's name.

Mr. MURPHY: I wish to make a correction with respect to that; I did say that, but it should have been Mr. Birchard, the Vice-President in charge of merchandising.

The CHAIRMAN: Yes, I thought perhaps it was he whom you meant.

Mr. MURPHY: Not being familiar with the rules, and being naturally stupid—and being Irish—

The CHAIRMAN: I would not say "stupid"; but, "unfamiliar."

Mr. MURPHY: One other matter, Mr. Chairman, regarding questions which are to go before the steering committee: are they to be submitted here?

The CHAIRMAN: If you will submit those to the clerk of the committee, or to the chairman, they will be placed before the steering committee at its next meeting.

Mr. MCGREGOR: Mr. Chairman, before we go on, there is one question I want to clear up. It is based on a question asked by Mr. Smith and by Mr. Shaw.

The CHAIRMAN: Pardon me, would you please indicate where the questions to which you refer may be found?

Mr. MCGREGOR: I am not just sure where they are now.

The CHAIRMAN: I think one of the questions to which you refer appears on page 192; yes, page 192 has the last question; and also pages 188 and 137. Yes, Mr. McGregor?

Mr. MCGREGOR: This is in reference to the statement I made the other day that we have been promised an answer to these questions. These questions will be found on pages 229 and 230. The questions were asked by Mr. Smith and Mr. Shaw, but neither of these gentlemen, are here at the moment and I do not know whether this is the proper time to bring the matter up or not. However, if you will look at the minutes of that day you will find that while I was wrong in the name of the witness—the witness was a superior officer to the witness we had the other day, Mr. London, Air Commodore R. A. London—

The CHAIRMAN: You are dealing with the air force now?

Mr. MCGREGOR: Yes.

The CHAIRMAN: I just want to clean this point up before we consider anything else.

Mr. MCGREGOR: I wanted to draw your attention to the fact that the witness promised to get an answer on that for the record.

The CHAIRMAN: Would you mind giving us the reference again?

Mr. MCGREGOR: It is on page 229 and page 230. I want to take it up later when the other two members are here; I think that would be the proper time.

The CHAIRMAN: I would like to have continuity on our records. Perhaps you would indicate exactly to which paragraphs you refer.

Mr. MCGREGOR: It is a question by Mr. Smith at the bottom of page 229, followed by Mr. Shaw at the bottom of that page; and the answer is over on page 230, where the witness says, "we will prepare a statement on that." That is all I want to say.

The CHAIRMAN: Well, we will discuss that later. If you are ready we will now proceed to hear Captain Hope.

The WITNESS: A question was asked by Mr. McGregor with reference to the expenditures on yachts and other harbour craft. The question was:

How much money has been spent on these craft since the government took them over?

I have divided the answers into two parts: A, the cost of repairs and the refits while under the R.C.N., and the cost of reconditioning the vessels for return to owners or cash settlements in lieu of repairs. This made quite a long list, Mr. Chairman; and I do not know whether you wish me to read it through or put the list in.

The CHAIRMAN: I think you had better read it. What is your pleasure, gentlemen?

Mr. BRADETTE: Put it on the record. It would be dry reading but we could peruse it there.

The CHAIRMAN: There are not a sufficient number of copies to permit distribution to all members, and it runs to two pages in length.

Mr. MCGREGOR: Put it on the record.

Mr. GOLDING: Yes, put it on the record.

The CHAIRMAN: It is quite agreeable to the chairman to have it put in the record. I wanted to satisfy Mr. McGregor. It would give us a better opportunity to discuss it after the members have had an opportunity of studying it from the records.

Mr. COTE: Have you a copy for Mr. McGregor?

The CHAIRMAN: Yes. It will be taken as read and included in our minutes.

Mr. COTE: Have you a copy for Mr. McGregor?

The CHAIRMAN: Yes. It will be taken as read and included in our minutes.

Name of Ship	Cost of repairs and refits while under R.C.N.	Cost of reconditioning vessel for return to owners or cash settlement in lieu
Frank Dixon	\$ 856.27*	\$ 34,762.49
Pifer	29,958.41	17,985.98
Marvita	63.76**
Maecin	19,452.76	Final cost awaiting P/C approval
Cancolim	9,212.86	5,474.00
Andre Dupre	31,008.21	9,010.73
Helen "S"	6,418.26	4,166.70
Haro	23,094.73	7,700.00
Glencova	6,475.42	13,640.41
Lil II	7,735.73	10,004.33
Seretha II	1,985.81	5,000.00
Shulamite	142.48**
Ripple	6,517.62	3,890.00
Crusader	6,700.78	2,524.53
Glenfruin	784.50	Cost being negotiated
Rayon d'Or	41,347.78	103,361.57
Acadia	46,608.98	Final cost not available as reconver-
Venetia	3,050.79†	sion not completed
Ambler	42,698.28	44,081.70
Anna Mildred	11,736.21	Nil
		Under consideration
Chimon	1,905.15*	Repairs in hand. Final cost not
Hoosier II	300.00*	available
Lady Baltimore	2,473.19*	2,324.00
Eyolfur	311.93	Cost being negotiated
Elizabeth	200.32*	1,028.00
Milicete	12,769.95	Cost being negotiated
Meander	8,381.06	5,217.00
Minnicog	415.30	5,905.00
Pathfinder	4,020.75†	Cost being negotiated
Pilot Boat	292.55*	" " "
Oriole IV	2,050.45	" " "
Siyo II	630.03*	" " "
Shirl	1,369.80	" " "
Vencedor	18,403.29	26,840.00
Whisper	455.15*	Nil
Wassau II	815.69*	Cost being negotiated
H.C. 30	1,216.22	2,000.00
H.C. 42	8,728.66	3,069.00
H.C. 49	468.08*	2,320.10
H.C. 60	27,213.68	10,049.25
H.C. 44	3,094.37	850.00
H.C. 80	484.57*	22,448.52
H.C. 90	2,319.61	408.00
H.C. 91	2,019.25	Cost being negotiated
H.C. 96	2,466.78	1,500.00
H.C. 98	4,167.97	1,358.00
H.C. 99	3,014.48	3,585.00

Name of Ship	Cost of repairs and refits while under R.C.N.	Cost of reconditioning vessel for return to owners or cash settlement in lieu
H.C. 128	5,821.87	2,867.00
H.C. 137	14.10*	3,500.00
H.C. 138	1,281.38	3,000.00
H.C. 298	203.40*	2,223.10
Cleopatra	12,480.11	Under consideration
Despatch II	2,326.75	3,629.70
Haidee	637.50	117.00
Murray Stewart	78,678.82	2,000.00
Nitanat	13,377.84	4,092.03
Allaverdy	7,969.44	3,300.00
Norsal	14,835.02	16,500.00
Pugwash	8,183.49	17,878.57
G.V. 12	23,405.07	9,538.49
G.V. 14	52,225.33	24,906.44
H.C. 87	816.38	475.00
H.C. 207 .....	.....*	270.00*

NOTE: * These vessels were maintained by Naval Labour, for which no accounting costs are kept. Charges shown cover materials only.

† As above with the exception that docking costs, etc. carried out by commercial companies are included.

Mr. JACKMAN: Might I ask, Mr. Chairman, if the statement is a complete one in so far as the facts themselves are complete? That is to say, have all the ships been turned back to their original owners, or is all the work being done on them that is going to be done, or are some still in the process of being re-fitted and re-conditioned?

The WITNESS: Some are still in the process of being repaired, and in some cases negotiations are still proceeding.

Mr. STEWART: I take it that this list is supplementary to the one on page 137?

The CHAIRMAN: That would be correct, Mr. Stewart.

The WITNESS: There are some sixteen vessels on which negotiations or repairs are not yet complete.

Mr. MCGREGOR: It seems very strange the war being over for almost a year or more and there are still some sixteen of these yachts in the hands of the government; but probably the witness could give us some idea of just what is being done to them, or what the hold-up is.

The WITNESS: In some cases repairs—there have been a large number of vessels to be repaired and that has taken some considerable time. In other cases negotiations with the owners have taken quite a little correspondence, and in other cases the actual need of the vessel has continued for some time during the process of demobilization and disposal of ships.

Mr. WINKLER: Would the witness care to say whether all these vessels have been found useful to the navy, and if so, whether an expression of appreciation is being conveyed to the owners?

The WITNESS: I think I can quite safely say that all these vessels have been of considerable use to the navy; and it has been our practice in all cases where it is not a purely commercial charter to write a letter to the owners expressing the appreciation of the department.

Mr. MCGREGOR: Mr. Chairman, I think you will quite appreciate that it is pretty hard to produce a list like this in front of a committee and then ask them to go into this thing in detail. In one case here I see where it is marked "X", which I understand indicates that they are being repaired by the navy themselves, and therefore there is no cost to them; is that right?

The WITNESS: No cost for labour; materials, yes.

Mr. MCGREGOR: Why no cost for labour? Whether they were repaired by the navy or somebody else it all costs money, it all costs the same money, the money of the government of Canada. Whether the work is done by the navy or somebody else it all costs money.

The WITNESS: I think the reason for that "without cost" is because the ratings who were employed on that repair work were not specifically engaged for that duty, and that at other times they have been working on other duties. In any event, they were within the navy and being paid by the navy on naval pay.

Mr. MCGREGOR: It wouldn't matter who did the work, they had to be paid.

The WITNESS: Quite.

Mr. MCGREGOR: So I take it that the money spent as shown by this list which is marked "X" indicates the amount spent on materials?

The WITNESS: That is right.

Mr. SHAW: Mr. Chairman, what I cannot understand is that upon certain occasions when requesting information the terrific cost has been pointed out, that is the cost of preparing the answer; and I notice that they always take into consideration the time of the officers who are preparing the answer. Mr. Probe was supposed to have had a \$4,000 question, yet when it came to computing the answers they computed the time of the persons engaged. I would assume that the same principle would apply in connection with any of this work, even if these are service personnel. Certainly they are being paid, and if they were not doing that particular job they would have been doing some other job. I think the same principle ought to apply.

The CHAIRMAN: I thought I should point out the case to which you have just now referred applied to the army. They supplied the answer. This is the navy. Of course, the same principle should apply. I point that out in fairness to the witness.

By Mr. McGregor:

Q. What is meant by this list down here, H. C.—80.—A. Harbour Craft. H. C. stands for harbour craft, number so and so.

Q. Harbour craft, who do they belong to?—A. They were used and employed in the naval service.

Q. They were what?—A. They were used by naval service.

Q. But who did they belong to?—A. The list of the owners is in my former answer, Mr. McGregor.

The CHAIRMAN: And that will be found on page 137.

Mr. MCGREGOR: I do not see what we can do with this. I think the best thing to do is to let it go for the time being until such time as we can get the full report.

The CHAIRMAN: That is what I was anxious to get for you. What more complete report do you require?

Mr. MCGREGOR: Because there are about fifteen or eighteen of these that are not completed.

The CHAIRMAN: When will you have that information, Captain Hope?

The WITNESS: I could not give it to you. Commander McGregor who is here might be able to give you that answer. He is in charge of that work.

The CHAIRMAN: Gentlemen, shall we call Commander McGregor?

Mr. COTE: Yes.

Mr. BLACK: Mr. Chairman, before we go on with the list any further. I think we should at least be supplied with this information. There is only one copy of the reply made this morning available, and that has been given to one of the members. Surely the witness has some additional copies to distribute

among members of the committee. If there is not enough for each one, there should be enough for each six, or each ten of us. I cannot intelligently take part in this discussion and understand this evidence unless I have a copy of the document; and I suggest the same thing applies to other members.

The CHAIRMAN: Well, unfortunately, we have not been provided with that. I would like to have a copy so as to be able to follow the questioning. The witness has only provided two copies, Mr. McGregor; you have one and the other has been handed to the reporter.

Mr. MURPHY: I wonder if we could be guided in future by some regular procedure whereby a circumstance such as this will not arise again, that the members of the committee be furnished with the evidence or exhibits, so to speak, when they are being produced by the witnesses. I agree with Mr. Black that we cannot go into details on a question of this kind without having a copy of the material.

The CHAIRMAN: I quite agree with Mr. Black and yourself, Mr. Murphy, that we all should have copies. I have repeatedly asked witnesses to provide additional copies sufficient for all members. It is quite likely that the witness had the thought that he would read out his reply and that questions naturally would arise, about this ship or that ship.

Mr. GOLDING: Maybe the best thing to do would be to deal with it after members have been supplied with a copy of the reply.

Mr. MURPHY: Would you see that we are furnished with copies of answers in future?

The CHAIRMAN: As I have already stated, I shall endeavour to see that that desire is carried out.

Mr. MARQUIS: I would suggest that discussion be adjourned until we are all provided with copies of the statement. After we have an opportunity of studying it we will be in a much better position to discuss it.

Mr. MCGREGOR: It is embarrassing to me to be the only one having a copy before him. It is very unfair I would say and very antagonistic to this committee, to produce only one or two copies and then proceed to have a discussion on the matter because no one knows what we are talking about. These things should be at least produced to the committee. I would say that it should be produced to the committee before a meeting; but at least every member of this committee should have a copy of it, and it is not very much trouble to get copies made.

Mr. SMITH: I am going to second the motion that we be supplied with copies.

Mr. WINKLER: Mr. McGregor has a copy.

Mr. MCGREGOR: But I am the only one who has it. I would like to ask the witness if he has the total cost of these particular items.

Mr. MARQUIS: We should send a copy of documents to all members of the committee so that they may have a chance of studying them.

Mr. MCGREGOR: Have you got the total of these figures?

The WITNESS: No, I have not, Mr. McGregor. Mr. Chairman, I would like to say that we have not actually received instructions to—

The CHAIRMAN: Speak up, please.

The WITNESS: I was saying, Mr. Chairman, that in the naval service I, personally, have never had any instructions regarding the wishes of the committee in matters of this kind; at least, in the way of producing any definite number of copies in the way of correspondence.

Mr. MCGREGOR: As far as that is concerned, here is a statement here on this page—No. 137—and I would say that that statement on page 137 is as

clear as anybody could produce. Only one thing is wrong, and that is that the price, about which we are asking here to-day, is not on it. Had the price been on it we would have had a complete statement on that page. Now I suppose there will be a delay of around a month or so, or it may be six months; and it will probably be a year or a year and a half, or two years after the war ended before we know what it costs to fix up these yachts which somebody so kindly donated to this war.

The CHAIRMAN: Gentlemen, I will see that each member of the committee receives a copy of this material within the next twenty-four hours, in addition to having it printed in the minutes.

Mr. JACKMAN: And may I suggest to the armed services that they talk a sign language of their own, and that while the members of the house are very familiar with the Beauchesne, second edition, of a thousand pages or so, we are not familiar with all the sign language they use, and where it is necessary for understanding by a layman I hope they will be explicit and let us know so that we will not have to ask questions to find out the significance of initials used.

Mr. McILRAITH: Mr. Chairman, just in connection with your undertaking, that raises a rather interesting point. The practice here in committees has always been that questions be asked the witness and answers given. Witnesses usually have material with them so they could give the information being discussed. As a matter of convenience, starting at the last session, we developed the technique of handing out answers to questions, and sometimes mimeographed statements. We are now right down to the point where we are doing that with each individual question. We are tying up the time of the committee needlessly, and we are getting into a big item and a lot of extra work mimeographing these things. It is true that the mimeographing of a special item or a particular answer to a question of itself does not involve any great expense, but we are changing the whole practice of committee procedure in this committee, and I for one do not like to see it, because it simply means that we are getting away from the point. We deal with about fifteen different points on different branches or subjects before us each day on certain of these things; but the information in the mimeographed sheets is put on the record, and later is duplicated in the printed record. Surely we could get some rhyme or reason into this demand for mimeographed copies of everything. It may be necessary where there are details to make a point, as in the particular matter Mr. McGregor has brought up this morning, and there are cases in which it is desirable that we should have material in that form. I think surely we could stop some of this mimeographing business, particularly when we are putting out so many copies of *Hansard*. The additional expense involved, I suggest is not justified.

Mr. SMITH: Will you agree to our having copies of this material?

Mr. McILRAITH: Oh, yes.

The CHAIRMAN: Are there any other questions before I excuse Captain Hope, relating to the former replies made by Captain Hope? If not, I shall excuse Captain Hope. Thank you.

The WITNESS: Thank you.

Mr. COTE: Mr. Chairman, before the witnesses leave, I think we should take advantage of the presence of Commander McGregor here to answer a question put by Mr. McGregor a few moments ago about the 16 yachts which are still in the process of negotiations. He asked how long it would take before the department could dispose of those 16 yachts; so, if Commander McGregor is in a position to explain the position on that point I think it would be well.

Commander MCGREGOR: Mr. Chairman, I anticipate that it will be a month at least because it is quite an involved procedure. To begin with, we have to call upon the Department of Transport Steamship Inspection, and we have

to conduct an inspection in conjunction with the owners and after that is approved those lists are submitted to the naval services and they are gone over carefully and, eventually, they must be approved by the president of Wartime Shipping. If the cost exceeds \$5,000 it must be submitted to the Privy Council for approval, with the result that it takes some little while before the matter becomes finalized. But I think the majority of them should be through within two months. All these vessels are under consideration with the exception of the dollar a year ones.

By Mr. Smith:

Q. Would you please speak louder?

Commander MCGREGOR: The vessels that still remain to be delivered to the owners are the dollar a year boats, but there are not any costs involved through those vessels being retained. It was thought that it would be to the best interests of the owners that we keep the boats until this spring rather than to turn them back, last fall, to the owners, leaving the owners with the boats on their hands at the end of the season, and leaving them in the position of having to pay storage on them.

Mr. COTE: Have any of these yacht owners shown any dissatisfaction in the length of time which the department took in processing them?

Mr. HOMUTH: I do not think the committee is concerned as to whether yacht owners are experiencing any discomfort in not getting their boats back, but rather we are interested in the cost of retaining them.

Mr. COTE: I understood that Mr. McGregor touched upon that point a few moments ago; he seemed to be concerned about the yacht owners, and I agree with him as to the length of time that the department has been taking in disposing of these yachts. He referred to the fact that the war has been over for over a year, yet the department had 16 yachts in hand. The committee would like to know how long it would take to dispose of them, so I think it is right that the witness should say whether any complaints have been received from the yacht owners on this particular point?

Commander MCGREGOR: There have been no complaints received. The yacht owners have been glad that we kept the vessels stored over the winter period.

Mr. HOMUTH: And they are, no doubt, also most happy to have them restored in such perfect condition?

Mr. GOLDING: Mr. Chairman, surely to goodness, when these people were kind enough to loan their yachts for the purpose which they did, that the government would be, in honour bound, to return them in at least as good a condition as they were when the government received them. I could not conceive of the committee raising any objection to that.

Mr. MCGREGOR: Could the witness just go down the list and give us an idea of just where they stand. On the first page here I see: "final cost awaiting P/C answer". What does that mean?

Commander MCGREGOR: That refers to a tow boat, owned by Marine Industries.

Mr. MCGREGOR: Marine Industries at Sorel?

Commander MCGREGOR: That is right, Mr. McGregor, and there has been considerable correspondence regarding the cost of repairs. Marine Industries thought that they should get a little more than we considered they should get, but we finally made an agreement as to the cost.

Mr. MCGREGOR: Who is making the repairs?

Commander MCGREGOR: The repairs have been carried out by Marine Industries themselves.

Mr. McGREGOR: In other words, the boat belongs to Marine Industries, Sorel, the Sorel shipyards?

Commander McGREGOR: Oh yes.

Mr. McGREGOR: And it has been surrendered to them by the government, and Sorel is repairing the boat, and the government pays the shot?

Commander McGREGOR: That is right; but the charter fee ceased when they signed the formal release for the vessel.

Mr. McGREGOR: That is one we have got cleaned up. What about the next one, which says: "cost being negotiated".

Commander McGREGOR: The "Glenfruin"?

Mr. McGREGOR: Yes, the "Glenfruin".

Commander McGREGOR: Well, this particular vessel was chartered at this time and the owners moved from this coast to the west coast, and it appears that during the transport of the vessel from the east coast to the west coast, that its hull was slightly damaged, and there was a bit of correspondence over that amount. It is not expected to exceed \$600, or approximately that amount.

Mr. McGREGOR: It will cost \$600?

Commander McGREGOR: I feel that it will be around that.

Mr. McGREGOR: Then, what about the "Acadia"; the "final cost not available as reconversion not completed"?

Commander McGREGOR: That particular vessel is the hydrographic ship, the "Acadia". We took it over during the war and immediately we were through with it we informed Mines and Resources that we were prepared to recondition it. There has been considerable work involved in doing so. At the moment the ship is being reconditioned at Pictou, Nova Scotia, and it will be through in a few weeks.

Mr. McGREGOR: The government owns that boat itself?

Commander McGREGOR: Oh yes; the Department of Mines and Resources owns it.

Mr. McGREGOR: What about the "Anna Mildred"; "under consideration."

Commander McGREGOR: I understand that the owner of the "Anna Mildred" died. This is the vessel that we purchased for a dollar and, in turn, are selling back for a dollar to the estate. Presently it is in abeyance until the estate is settled.

Mr. McGREGOR: You purchased the "Anna Mildred" for one dollar, but you spent \$11,736.21 on it. How much more money do you expect to spend on it?

Commander McGREGOR: I do not anticipate there will be any more costs involved, although there may be a slight delivery charge. It is now in the hands of the estate of the owners.

Mr. McGREGOR: The "Lady Baltimore"?

Commander McGREGOR: At the moment, the "Lady Baltimore"—a letter has gone out to the owner offering a cash settlement in lieu of repairs; it is anticipated that a reply will be received in connection with the "Lady Baltimore" within a week's time. We are waiting on the owner to make a statement on that.

Mr. McGREGOR: The "Elizabeth"; I suppose the "Elizabeth" is a small craft?

Commander McGREGOR: Yes, the "Elizabeth" is a small craft.

Mr. McGREGOR: And the cost is being negotiated on those others; what does that mean, the four or five at the bottom of the page?

Commander MCGREGOR: In each case we have written to the owners offering them a certain amount; there is to be an inspection carried out on each vessel. There are six listed there. There will be a Department of Transport inspection and an inspection in conjunction with the owners. We have offered cash settlements in lieu of carrying out repairs.

Mr. MCGREGOR: That will be settled in the near future?

Commander MCGREGOR: Oh yes, in the very near future.

Mr. WINKLER: Could we get the correct cost or value of these yachts at the same time?

The CHAIRMAN: I think if you will look at page 137 you will find there a complete list giving the names, the type of craft, the size, the engines, and how required. No, the value is not there. Could you give the value?

Mr. WINKLER: I meant the original cost or value?

Mr. McILRAITH: There would be no original cost.

Commander MCGREGOR: They are all chartered vessels, sir.

Mr. WINKLER: I meant the amount in dollars concerned in all these vessels. Could you get that?

Captain HOPE: Do I understand that the question is: what is the total cost of repairs for these vessels, and not the total cost of acquiring them?

Mr. WINKLER: Neither one; I meant the value of the vessels themselves which are concerned.

Captain HOPE: I do not think we can supply that information. We did not actually buy these vessels outright, except in some cases, where we acquired them for one dollar. The others we chartered on either a dollar a year basis or on a commercial basis, but we did not go into buying them on an ordinary commercial basis.

Mr. WINKLER: I understand that, but I meant in relation to the money put into them in the way of repairs. If we knew what the total value amounted to, we could then form some idea of the proportion of the value, what proportion of the value was concerned in the repairs.

Mr. MARQUIS: As to those vessels which you bought for one dollar a year, was it understood that they were to be returned after? When they were bought, were they to be returned to their owners for the same price, or, was there any clause in the contract that the owner should get back after the war—that he would get the boat back for one dollar?

Commander MCGREGOR: As for the vessels that were purchased for one dollar, we got a bill of sale and full possession of the vessel. There was no agreement that they would be returned when the war was over.

Mr. MARQUIS: As a matter of fact, are they returned to their owners now?

Captain HOPE: The answer to that is: that later, the naval department obtained authority, council authority to offer these vessels back to the owners at a dollar; and if they did not wish to take them back, they could then be turned over to War Assets Corporation.

Mr. MARQUIS: So, they are sold to the profit of War Assets Corporation?

Captain HOPE: If they wish.

Mr. JACKMAN: Might I ask the witness: in looking over this list, I anticipate that some of the ships were leased to the government for a dollar a year and several of them were sold for one dollar. Was there any collateral letter or agreement covering the return? What happened to the vessels sold for one dollar? Would the previous owner get the vessels back, when the use of them had disappeared to the navy?

Commander MCGREGOR: The only vessel that comes under that category is the "Anna Mildred". It was sold for one dollar, but the owner reserved the right. He felt that, in the event of an accident he might be held responsible, so he sold the boat for a dollar and reserved the right to get the vessel back.

Mr. McILRAITH: How long did the navy have that vessel?

Commander MCGREGOR: Since 1940, sir.

Mr. McILRAITH: Since 1940.

Mr. BRADETTE: Would the rental mean that those loaned or rented ships appear as favourable as those of your own department? Were they in good condition when taken over?

Commander MCGREGOR: Generally speaking, yes; we did not take any ships over that were in poor condition. We had a proper survey made before the ships were taken over.

Mr. GOLDING: All these costs of repairs would be to keep them in service during these six years? You would require to make repairs all the time?

Commander MCGREGOR: Yes, yes.

Mr. MCGREGOR: Who owns "G.V. 14"?

Captain HOPE: Gate vessel; I should explain that "G.V." stands for "Gate Vessel", Mr. McGregor.

Mr. MCGREGOR: Who is the owner?

Captain HOPE: According to that list it is Marine Industries.

Mr. COTE: No; at page 138 of the minutes—

Mr. STEWART: Marine Industries, Vancouver.

Commander MCGREGOR: That is an error. It should be: Marine Industries, Montreal.

Captain HOPE: The owner is: Marine Industries, Montreal.

Mr. COTE: Instead of Marine Industries, Vancouver?

Commander MCGREGOR: Yes.

Mr. MARQUIS: There is an error on page 138.

Mr. COTE: Yes, it should read: Marine Industries, Montreal.

Mr. JACKMAN: In connection with the ships taken over for a dollar a year, was there a clause in the charter party whereby the navy or the government would return those ships, as was, when taken over?

Captain HOPE: No; there was not, there was no agreement. The vessel was sold outright for one dollar.

Mr. JACKMAN: No. I am speaking of the ones which were leased for one dollar?

Captain HOPE: Oh, I beg your pardon; yes, there was an agreement that they should be returned to their owners in their former condition, less fair, wear and tear.

Mr. JACKMAN: There are three cases which I see of ships sold, and I presume they were turned over to the government for the nominal sum of one dollar. Apparently there was no condition that they should be put back into the state in which the navy received them?

Captain HOPE: That is so.

Mr. JACKMAN: Was it the policy of the government or the navy to treat those ships and those owners in the same way in which the owners of the ships which have been turned over for a dollar annual rental were treated?

Captain HOPE: No, I think not, Mr. Jackman. In one case the vessels were on a definite charter, and any vessel which is chartered, quite naturally, the vessel has to be returned at the termination of the charter. The other cases

where vessels were sold, the title passed to the naval service and they became outright naval vessels, and as such they belonged to the navy to be disposed of by the navy at the termination of their use.

Mr. McGREGOR: I want to follow up my question that I asked a few moments ago. This boat, G.V. 14, is owned by Marine Industries, Montreal; but in this evidence it says: Marine Industries, Vancouver. I do not suppose there is very much difference.

The CHAIRMAN: That was corrected by the witness, Mr. McGregor.

Mr. McGREGOR: All right. Now, these people received \$8,000 a year rental for this boat. What was the size of the boat?

Captain HOPE: In the evidence at page 138 it states that the size of the vessel was 132 feet in length.

Mr. McGREGOR: It was a steamer?

Captain HOPE: That is so.

Mr. McGREGOR: \$8,000 a year rental; how long did they have it?

Captain HOPE: She was chartered by the naval service on the 12th December, 1940 and returned on the 20th July, 1945.

Mr. McGREGOR: And you made repairs to this boat?

Commander McGREGOR: Repairs were carried out at various places, some were done at Sydney and some were made at Halifax, as she was moved around.

Mr. McGREGOR: But who made the final repairs?

Commander McGREGOR: Who made the final repairs?

Mr. McGREGOR: \$24,906.

Commander McGREGOR: I am afraid that I do not have that information. I do not recall it, but I could get it.

Mr. McGREGOR: I suppose we could take it for granted that they made their own repairs?

Commander McGREGOR: Yes, I think so.

Mr. McGREGOR: As far as I am concerned, I am going to look over these things.

Mr. JACKMAN: May I ask you a question of opinion which may or may not be within your province: the majority of those ships were taken over at a dollar a year rental, but in the case of three of them they were turned over to the government and the owner, I presume, said: If this ship is of any use to you for patrol work or for training your men, take it for a dollar a year, and if there is anything left after the war you can return it to me. In the case of the dollar a year rental ones there was a clause in most of the contracts whereby the ships would be reconditioned. Now, some of those owners, I take it, were more patriotic than others and they said: you can take the ship and use it and I will transfer the ownership in order to get out of any third party liability, for one dollar. When the war is over you reconditioned some under a contract, and in the case of these three ships the government or the navy does not see fit to treat them in the same way as the others that were leased at annual rentals of one dollar. Now, do you think that to be a fair treatment on the part of the government, to treat some people in one way and others in another way?

Captain HOPE: I am afraid that I do not lay down the policy of the government; but the only case that I happen to know about, regarding these dollar sales, was that of an owner who, himself, insisted on selling the boat rather than chartering the vessel.

Mr. JACKMAN: But for a very obvious reason: he was afraid, upon the advice of his solicitors, that there might be a third party damage action, should the boat run into some other vessel while being used, and he would be laid

open to liability to the third party; so he transferred his ownership in order to escape any third party responsibility. Now, with the war over, you returned most of these ships in reconditioned shape, yet, in regard to the other two, you take these battered vessels which have seen a great deal of service during five or six years and say: "There they are". It certainly seems to me to be discrimination, even though it may be strictly in accordance with the contract.

Captain HOPE: I have no knowledge of any claims for third party damages against a chartered vessel. I am not a lawyer and I do not know the legal position there. There may or there may not have been—I could not tell you—but I do know that this owner that I have in mind, we originally chartered his vessel for one dollar a year and, acting on legal advice, he insisted upon selling the vessel for one dollar. He stated that he was afraid of any claim for damages and he also stated that he did not expect to get the vessel back, but would be glad to get it back if there was anything left at the end of the war, in the condition she then happened to be.

Mr. JACKMAN: Yet, in the case of the other ships which were leased for a dollar a year, they were reconditioned at considerable expense; and in the case of the one you mention and possibly a few others, the ship has not been reconditioned. Is that the understanding?

Captain HOPE: That is the case. Perhaps there may have entered into consideration the fact that the chartered owners were running that risk of third party damage.

Mr. JACKMAN: But there might have been a clause in the charter whereby the government would save harmless the owners of the ships.

Captain HOPE: Perhaps the owner I have in mind might have inserted a similar clause to protect himself instead of selling the vessel to the government.

Mr. BRADETTE: With regard to the renting or the chartering of these boats, am I right in thinking that the naval department has saved money for the government in so doing rather than having had to build such boats themselves?

Captain HOPE: I am not in a position to give an opinion on that, but I think the major factor at that time was immediately to get the vessels for use in order to carry on with the necessary requirements of the service. We could not, at that time, delay and wait for such vessels to be built.

Mr. BRADETTE: At least it proved of great benefit to the service?

Captain HOPE: They certainly have, yes.

Mr. COTE: Are there any cases, Mr. Chairman, in that list here, where the improvements made to the yachts or to the vessels have greatly increased, or substantially increased, the value of the vessels over and above what they were at the time they were chartered or loaned to the department?

Captain HOPE: In some cases, the vessels required to be considerably altered to make them suitable for naval service rather than as ordinary yachts; and, upon the termination of the charter, we were obligated to turn them into their former condition as yachts. We have the figures as to the money spent on them to return them to their former condition. I do not think the question of enhanced value really comes into it.

Mr. MARQUIS: Those figures include money spent for reconditioning, not only for repairs. If you made some changes in the vessels you have to put them into the condition they were when you received them. So you have to make these expenditures, and they are included in that list.

The WITNESS: That is so.

Mr. GOLDING: Well, Mr. Chairman, these vessels were made available just shortly after the war broke out, that would be early in 1940. If you had had to wait until these vessels could have been built for service, that would have meant a considerable delay; is that not true?

The WITNESS: That is true.

Mr. GOLDING: How long would you estimate it would have taken had you had to build these vessels before they became available for service?

Mr. COTE: It would have taken a lot of time.

The WITNESS: That is a hard question to answer, but in view of the difficulty we did experience with other vessels, it would have taken probably not less than two years.

Mr. GOLDING: Well, that is important.

The WITNESS: It was most important.

Mr. MURPHY: Mr. Chairman, I was just wondering if we could expedite the work of the committee. There is a motion before the committee which has been regularly moved and seconded. Do we have to re-hash all these things when the witness is coming back again? It would save time if you put the motion, I suggest.

The CHAIRMAN: In view of the fact that Mr. McGregor and Mr. Jackman were particularly interested in the question of yachts I was hoping that we might clear up this whole question now when we have carried it to this extent.

Just following Mr. Golding's question, Captain Hope, that question of need would enter particularly into these two types of craft known as GV-12 and GV-14, would it not? You would require these at once, you could not wait?

The WITNESS: They were urgently required for the protection of harbours. They were used as gate vessels in the boom defense of a harbour. We had no vessels of that kind at the beginning of the war and they were very urgently required.

Mr. GOLDING: Mr. Chairman, what I would like to know is what is the information that is being sought in connection with this, or the purpose of getting the information? It seems to me that this is a situation where the vessels were made available and were very important at the time. What is the information, or what is the point involved? Is it that there was too much spent repairing them, or, what is the point involved, that is what we would like to know.

The CHAIRMAN: Mr. McGregor perhaps could answer as to the purpose.

Mr. MCGREGOR: There is a principle involved. You probably know as much about it as I do, but you do not want us to get the evidence on it.

The CHAIRMAN: What was that, I did not get the wording of that.

Mr. MCGREGOR: Oh, now, you just keep your shirt on, Mr. Chairman.

The CHAIRMAN: I just wanted to get the wording. What did you say, Mr. McGregor?

Mr. COTE: And we did not hear the last part of your remarks, would you please repeat them?

Mr. MCGREGOR: Well, in the first place you submit a sheet like this to one member of this committee and expect the rest of the committee to have enough knowledge at the back of their heads to read this thing here which is put in front of me. How do you expect these fellows to ask questions until they see what the report contains? You know the purpose of it. If we are going to have this sort of thing—how can you expect any man around this table to ask intelligent questions on anything that has been produced before this committee? It just cannot be done. And my friend here knows just as well as I do that unless we have something before us we certainly cannot ask intelligent questions. We want to know where we are going on this. We want to know just how much government money was spent on getting it done, all down the line. When he gives us that, we will be quite satisfied.

The CHAIRMAN: Then your purpose was to get a complete list on these yachts. You have that, and then your next question was as to the cost of repairs and you have that.

Mr. MCGREGOR: No, we have not.

The CHAIRMAN: In so far as—

Mr. MCGREGOR: No, I have not.

The CHAIRMAN: —it is available.

Mr. MCGREGOR: There are seventeen items I see that I haven't got.

The CHAIRMAN: Yes.

Mr. MCGREGOR: We have this list here and it is not complete.

The CHAIRMAN: I can only say to you what you said to me; if you wait until I complete the sentence—you will have it in so far as the witness is able to produce it. You have it now in so far as the witness is able to produce it up to this date, and he has promised that he will complete the remainder of the information at a later date.

Mr. MCGREGOR: That is all right.

Mr. MARIER: Well why not suspend the session until we get the complete information and have all the details before us?

The CHAIRMAN: That is quite all right with me.

Mr. MARIER: Mr. McGregor is questioning every boat that is on that list and he is the only member of the committee who has the list before him; so I say that we cannot follow him, and so I suggest that we suspend proceedings until we all have copies of the material before us. We will then be in a position to follow the discussion and appreciate the evidence.

Mr. MARQUIS: I proposed a motion. I think the discussion we have had so far has been useful and enlightening to members of the committee, but when the complete list is here it will be easier for us to follow the details. I would now ask that you put my motion, Mr. Chairman.

The CHAIRMAN: There is no need for a motion. If there are no further questions, the witness is excused.

Mr. MARQUIS: I am quite sure, Mr. Chairman, we will have more questions on this matter when the witness comes back.

The CHAIRMAN: You are excused.

The WITNESS: Thank you.

The witness retired.

Mr. MCGREGOR: It is understood that a complete answer to this question is going to be produced; is that right?

The CHAIRMAN: That is on the record.

Mr. MCGREGOR: Okay.

Mr. MURPHY: When the witness returns will he have an estimate of the work done, I mean with respect of labour costs, on these vessels—an estimated cost?

Mr. GOLDING: When you get that, what have you got?

Mr. HOMUTH: That is a good question: "when you have got that, what have you got?"

Mr. GOLDING: I mean, there are millions of dollars in sales being made every month. Let us get through with this question of these vessels and go on to something else. When you do get this information with respect of the cost of repairs and re-conditioning, what are you going to do with it?

Mr. STEWART: Mr. Chairman, can we not get on with the business of the committee?

Some HON. MEMBERS: Hear, hear.

The CHAIRMAN: I am very anxious to get on with the business of the committee.

Mr. STEWART: So am I.

The CHAIRMAN: I think Mr. Stewart will appreciate the fact that I am endeavouring to meet the wishes of the committee. If Mr. Murphy wishes to put another question after a decision has been made, then as a matter of courtesy I must listen to Mr. Murphy. We will proceed by calling Group Captain Millard.

Group Captain Victor S. Millard, recalled:

The CHAIRMAN: Will you proceed, Group Captain?

The WITNESS: Mr. Chairman, the first thing with which I would like to deal is with a correction to a document previously submitted.

In reply to a question asked by Mr. Lalonde on Tuesday, May 14, a reply was tabled by me on Friday, May 17, with the presentation of a seven-page document showing the quantities, the unit cost to the R.C.A.F., and the make of radios and radar equipment disposed of to War Assets Corporation by the R.C.A.F.

Two clerical errors in this document have been detected. These are:—

Page 2—Transmitter AT1, line 4, shown as quantity 506, should read 10.

Receiver AR2, line 26, shown as quantity 798, should read 10.

Then, Mr. Chairman, I have a reply to questions asked at a previous meeting. May I say that I hope I will not be accused of being antagonistic to the committee by presenting only two copies, but this is an elaborate document which we prepared by hand in reply to the questions asked by Mr. McGregor and Mr. Benidickson. The reason was not because it was so big, that is part of the reason; the other is that it is a secret document, and I would ask that it be not included in the minutes, although I shall table this copy.

The CHAIRMAN: That is agreeable.

The WITNESS: The reply reads as follows:—

Reply to Questions Asked by the War Expenditures and Economies Committee on Friday, May 17, 1946.

Mr. MCGREGOR:

How many airports are being retained throughout the country where aerodrome maintenance equipment is to be distributed? The reason I want to know how many airports you are retaining is because there is a figure shown of 168 angle dozers. What is the life of one of these machines? I think the Committee should be supplied with something more clear. The cost of an angle dozer is shown as \$1,600. Could this be checked as this seems to be very low.

Mr. BENIDICKSON asks for a broader answer:

I feel that the reserve of some equipment shown is rather high. When certain of this equipment is so much needed throughout the country, I feel that the R.C.A.F. should not hold more than is absolutely required. On some of these items it is rather difficult for a layman to know exactly what type of equipment is involved, so I hope that the statement prepared will be as full as we can get.

Answer:

Both questions are replied to in the following:

1. The aerodrome maintenance equipment at existing and proposed R.C.A.F. sites is established after due consideration has been given to the landscape peculiarities and climatic conditions experienced in the area.

2. The equipment so classified is employed in the care and maintenance of aerodromes and properties, as well as construction projects performed by R.C.A.F. Construction and Maintenance Units.

3. A breakdown of the distribution of aerodrome maintenance equipment has been prepared, but since this discloses the R.C.A.F. sites which is still secret information, it is not permissible to have the document recorded in the proceedings. However, an extra copy has been provided for the personal attention of Messrs. McGregor and Benidickson.

4. With the exception of Angle Dozers Hydraulic, the R.C.A.F. nomenclature is descriptive of the use for which the equipment is employed. The Angle Dozer, however, can be described as the hydraulic scraper attachment for a TD14 or TD18 Crawler Tractor and principally used for coal handling, snow removal and incidental construction work.

Reserve Equipment

5. Reserve equipment is retained for the following reasons:—

(a) Serviceability and distribution factor.

(b) Varying commitments.

(c) Life expectancy (if applicable).

6. The importance of the above factors is as outlined below:—

(a) Serviceability

With the rapid reduction in personnel, the R.C.A.F. became dependent upon civilian contractors for the repair of service equipment. In many localities, such as on the east and west coasts and in Northwest Territories, civilian facilities do not exist. In other localities, civilian contractors are reluctant to undertake R.C.A.F. repairs due to the quantity of civilian trade on hand. During the past winter approximately 20 per cent of our tractors were immobilized for this reason. The serviceability factor, therefore, necessitates the retention of a reserve for distribution purposes. The size of the reserve considered necessary is dependent upon the type and use of equipment and area in which it is employed.

(b) Varying Commitments

Considerable uncertainty still exists as to the exact nature of our aerodrome maintenance commitments. Aerodrome development in the far north is still indefinite but possible requirements must be provided for.

The number of aerodromes whose maintenance will be taken over by the Department of Transport has not yet been definitely established and equipment must be earmarked for the maintenance of sites whose final disposition has not been decided.

Operation Musk-Ox placed a heavy demand on our reserves last winter and indications are that similar exercises can be expected in the future.

(c) Life Expectancy

To date no aerodrome maintenance equipment has been declared or is in the process of being declared as a result of being worn out.

The life expectancy of some of this equipment such as Angle Dozers, Rollers, is indefinite. Other equipment such as Sickle Bars, Seeders and Harrow, Distributor Fertilizer, etc., are seasonal and reserves are com-

puted on a percentage of the unit equipment. This percentage varies from 20 to 50 per cent depending on the size of the unit establishment.

7. A check has been made of the unit cost of Angle Dozers to the R.C.A.F. and \$1,600 is confirmed as the price paid.

8. The number of sites at which aerodrome maintenance equipment is distributed totals 76.

The CHAIRMAN: Thank you.

Mr. MCGREGOR: Mr. Chairman, I would just like to refer to the paragraph at the top of page two; do we understand that a considerable amount of this equipment is spread around the country and is awaiting repair, and there is no one to repair it? Is that what we are to understand from that paragraph?

The WITNESS: Essentially that is correct. At least we are having difficulty in getting private contractors to repair this stuff, and consequently delays arising on that account have to be offset by additional reserves. When we get back to normal conditions, by that I mean when civilian repair contractors are able to handle our requirements immediately, we look forward to reducing these reserves of machines considerably.

Mr. BRADETTE: Mr. Chairman, with reference to the last paragraph under sub-section (b), relating to operation Musk-Ox which the witness said made a heavy demand on them. I thought that operation concerned principally infantry and the army. Was the R.C.A.F. put to any considerable expense in connection with the operation Musk-Ox?

The WITNESS: Yes, Mr. Chairman; we contributed to a considerable extent in that operation. Supply to the operation was entirely through the R.C.A.F., and ground maintenance was ours as well.

By Mr. McGregor:

Q. How many pieces of equipment went from the air force to them?—A. I haven't that figure, Mr. Chairman; I am sorry.

Q. Well, was it many?—A. There was a large amount of stuff—and I point out that this statement is entirely conjectural on my part—I would say somewhere in the neighbourhood of fifty pieces of equipment were supplied. That is pure conjecture on my part.

Q. It says, Musk-Ox placed a heavy demand on our reserves last winter; now, would fifty pieces be a heavy demand on your reserves?—A. Of course, Mr. Chairman, I should have qualified my reply by saying that it related to tractors and equipment of that kind; obviously there were no seeders, harrows, fertilizer distributors, or things of that kind used. Most of the equipment would be of the type that would be required at Churchill for snow removal and that sort of thing. We did throw quite a lot of equipment in there, I know.

Q. How much of this equipment is lying around the country waiting to be repaired that is not in working use at the present time?—A. I do not know how much there is, Mr. Chairman; we could obtain that quite readily though.

Q. That is your statement, that is one of your troubles.—A. That is a general statement which is correct. Just how much in terms of items, I do not know. I do know, however, that it applies not only to that type of equipment but to motor transport generally, that is to our trucks and cars, panel deliveries, ambulances, and that sort of thing. We are having great difficulty now in keeping those repaired because we have just recently disbanded all of our service repair units because our personnel were released under the discharge policy.

Q. When you turn something over to War Assets do you turn over goods that are not in good repair?—A. We turn over the worst that we have. In the way of establishing the quantity of any item we have surplus we pick out the worn items and keep the best for ourselves, and those go irrespective of condition

to the War Assets Corporation. Some of them, of course, are absolute wrecks. If we have an automobile crash it almost follows that it is declared surplus, if we have any surplus in that type at all.

Q. Automobiles?—A. Yes.

Q. Let us assume for instance a bull-dozer? How would you get a bull-dozer wrecked so that it would not be worth anything?—A. That would very seldom happen, unless it drove off the end of an aerodrome. I was speaking of all equipment generally there.

Q. What I want to get at there is this, you take all this road-building equipment which cannot be purchased at the present time in this country at any price. If the government has a lot of this stuff lying around the country and they are not using it, it ought to be put on the market so that people can buy it, so the provinces and municipalities can get the work done that they want to have done this year. Evidently the government has a lot of this stuff lying around the country waiting for repairs and has not even been able to do their own work.—A. Mr. Chairman, might I answer that in two parts? We have already declared a certain amount of aerodrome maintenance equipment—that was reported in one of the documents tabled before this committee. As to the remaining equipment, we may have some that is still to be declared. We presented the committee with a document on that which shows what we are retaining on the basis of our present information and plans to meet conditions as we are confronted with them at the moment. The fact that we have to hold more equipment at the moment is due to the big backlog of work which the contractor has in his shop, and if it is going to take six months to turn out a job that should be turned out in six weeks or something of that order, we have to plan accordingly. When conditions get back to normal and when he has a full complement of personnel he will be able to turn them out on a regular schedule and we will then, at that time, be able to release further equipment, but until that time comes we will not.

Mr. MARQUIS: But all the equipment which the R.C.A.F. is now keeping is all absolutely useful and necessary for the R.C.A.F.?

The WITNESS: To the best of our knowledge, based on the plans which we have, Mr. Chairman, we are keeping only what we need to meet present conditions. We have stuff still in process of being declared which War Assets have not received yet, but that will be in their hands very shortly. I reported on that previously.

The CHAIRMAN: Are there any further questions, gentlemen?

By Mr. Smith:

Q. Yes, I have a question Mr. Chairman. I have a document here marked, "Survey and classification of items mutilated by the R.C.A.F.". It is a purple sheet, and it says:

Up to 23 Feb/45, no equipment was mutilated.

From 23 Feb/45 to 23 Mar/45, items falling under the following classifications of equipment as detailed on the attached lists and not marked with an asterisk, may have been mutilated when repairable and surplus, or when entirely beyond repair:

I gather that that refers to this large list here?—A. That is right.

Q. Then, take the list to which you refer, I notice that there is no indication either of quantity or price?—A. That is right.

Q. Then if you turn to the one marked "2"—that is the first one here on your general memorandum; in section 1, page C—I think it is—first I ask the witness this, this list does not purport to follow any sort of order at all, the section referred to?—A. Well, Mr. Chairman, it is supposed to follow it. I am sorry if it is out of order. The sections were supposed to follow one after the other.

Q. That is what I wanted to know.—A. Mr. Chairman, may I explain that; in the haste of getting this thing out the order was not as good as it might have been by any means. This particular list is divided into parts A, B and C.

Q. Yes?—A. Well, the part C is essentially the ground equipment.

Q. And how do we find part C?—A. Well, Mr. Chairman, in making this material up the first page of each section was supposed to project on the right hand side so as to provide a sort of automatic index, if you just put your finger on it and turn the page above up, you will find the part to which you refer.

Mr. McILRAITH: Oh, yes, the pages project on the right hand side.

The WITNESS: Yes.

By Mr. Smith:

Q. Oh, I have found it. I appreciate that system. Well now, just taking as a sample—this is marked section 1(a)—I see there, bellows, moulders; awls, splicing; chisels, firmer; chisels, hand cold; boxes, metal tool; croppers bolt 14"; croppers bolt 18"; shears tinsmith; calipers slide 5"; calipers outside 6";—and I will not attempt even to pronounce that last one there—c-l-i-n-o-m-e-t-e-r. Am I right in assuming that this class of items has been destroyed?—A. Mr. Chairman, those are items which air force headquarters, at the time, issued stop repair orders on, if there were any that fell into the category "E", that is unrepairable and unserviceable—during that period of one month, then it would have been legitimate from the R.C.A.F. point of view that these things were mutilated. Now, it may be that none of them fell into that category during that period, but if they did, they were subject to mutilation, and the field units would be fully protected so far as air force headquarters are concerned.

Q. Then turn over to the next page—there you have pliers—7 types. Could they have ever gotten into a condition where they should be mutilated? What in the world happened to them?

Mr. McILRAITH: That is an item of section 1 (b), that you are referring to now, not 1 (a).

The WITNESS: Yes, I have that.

By Mr. Smith:

Q. I cannot find that; oh yes, I see. Hammers—8 types, irons, soldering—2 types. And another one, irons, soldering, 5 types. I was wondering how they could possibly get into a position where they would have to be destroyed, tools like that?—A. Mr. Chairman, under this letter which has been constantly referred to, War Assets letter of February 15, the air force was not given, nor did it exercise any discretionary power in relation to these items as to whether they could be repaired. The attentions we gave to the item were: it was reported four in the first instance as repairable; we then considered if we needed it. Does the air force need it to be repaired? The answer was "no" because we have surplus stocks; so, it fell into this class.

Q. So, it is fair to say, no doubt, under this item that tools, many, many tools probably have been destroyed which might have been made useful, although not perfect? That is an obvious conclusion, is it not?—A. My answer to that is: it is possible that tools were destroyed in accordance with this instruction, during this period that we are talking about, the 23rd February to the 23 March.

Q. That is the period I am talking about. Now, as I understand it, could that be (new)?—A. No, Mr. Chairman, it would have to be an item which was repairable before it could be in category "E"; then it comes in.

Q. Take 8 types of hammers; let us take that. Now, in connection with a hammer, about the only thing that ever goes wrong with it is that you might break the shaft. Now, with eight types of hammers, I find it very

difficult to understand why they should be destroyed?—A. My answer to that is the same as the answer I gave to the one about the pliers. Would it be a reportable item; is it repairable, an so on.

Q. So we may safely assume that a great many tools in repairable condition have been destroyed?—A. Considering the period involved, between 23rd February and 23rd March, those are the dates. All letters and correspondence had to go from air force headquarters, at the time, to the air commands, and that would take, I would venture to say, about two weeks and that would be the period during which these items might have been mutilated.

Q. Only two weeks?

By Mr. Shaw:

Q. I would like to point out that we should not emphasize the two weeks too strongly, because a terrific amount of destruction can take place in the time of two weeks, especially when we stop to consider the methods employed in destruction, if we go back to Penhold. We will find that a lot happened between the 15th and 28th August, so, two weeks can be a long time.

By Mr. Golding:

Q. With regard to these hammers, what sort of hammers are those 8 types?—A. I do not know exactly, Mr. Chairman; but they might be just the straight hammers with extractors on them; or they might be ball pien hammers. From the R.C.A.F. vocabulary point of view, if the item is at all different, it gets a different reference number.

Q. Take the hammers; if you have something chipped out of the face of your hammer, what do you do about it?—A. That falls under the heading of "general scrap" which has been in effect throughout our existence; that is just a straight scrap, which has no repair value at all.

Q. Now, in the case of those hammers, would they be in first class condition and yet you would issue some order to destroy them?—A. No, anything on here would be in a repairable category or an unserviceable category. An unserviceable thing is a thing which cannot be repaired.

Q. But these hammers, there may be none of them destroyed at all. You said that before. And as Mr. Smith says, in the case of a hammer you may break the handle, but you could put a new handle on it; but if the face of a machinist's hammer should chip, you could only throw the thing away.

Mr. SMITH: Those would not be repairable, but these are all repairable, these things.

Mr. GOLDING: So what would happen to them that you would want to repair them?

Mr. SMITH: It might be a broken shaft, for example.

Mr. GOLDING: Would that be the only thing? You see, I used that sort of hammer for many years and I have an idea how long they would last.

By Mr. Murphy:

Q. Would the witness tell us if those articles are mutilated when repairable, what is the amount in dollars or cents, or is there any record of the amount?—A. Mr. Chairman, as I have stated before, that is an obscure thing which it is impossible to produce. We could produce the unit cost of the things subject to repair from our vocabulary; but, because we cannot get or produce the quantities, therefore we cannot produce the total costs of the articles mutilated.

By Mr. Smith:

Q. I had picked out another item on the purple sheet, section 8 (f) the fifth item. Where am I going to find that?—A. That should be under part (b), Mr. Chairman.

By Mr. Black:

Q. Mr. Smith found it, but he cannot tell us where we can find it.—A. I apologize for the conditions of this material because of the haste in which it was prepared, in attempting to make the last meeting.

By Mr. Smith:

Q. I stopped at page 6 (c) about one-fifth of an inch from the back; it is the one that begins: thermometers, wet or dry, it is section 6 (e); rods, levelling; thermometer, wet or dry; pyrometers, thermo elect; thermometer molten metal; telescopes, signals; bobs plumb surveyors. You have got that?—A. Yes, I have it.

Q. Take bobs plumb surveyors, those are the things that a surveyor hangs down from his machine when he is operating it. Now, how can a bob plumb ever get out of repair? You know what it is; it looks just like an acorn; how could that ever require repairs; and, in the second place, even if it did, how could it be repairable?—A. That is quite true, Mr. Chairman. That is a matter about which we have constantly had difficulty in both the field offices and with the people who allot these categories. They are constantly asking for repair categories of things that are not repairable. I feel that to be an item which, if it should get a bang on the side of it, is not repairable. A new one would have to be used.

Q. Take thermometers, wet or dry. That means those thermometers that show both wet and dry, repairable may have been mutilated or destroyed?—A. I believe, subject to correction, that a thermometer, wet or dry, is a single unit; it has two stems, one wet and one dry, to determine humidity.

Q. In other words, an instrument of that kind which was repairable may have been destroyed?—A. There is a special rider on that one, Mr. Chairman; there was a special instruction issued that all instruments be reported in to air force headquarters irrespective of their repair category; reference was then made to the United Kingdom, and if they did not want them, it went to War Assets. On all those items specific authority was obtained in every case where mutilation took place.

Q. That does not appear on anything in front of me?—A. It says: instruments not required by U.K., or, if not saleable by War Assets.

Q. Take rods, levelling; that means a rod used by a man on a survey?—A. Yes, that is a big long rod.

Q. Now, just what about that; why should you possibly destroy a levelling rod that is repairable; it is not an instrument?—A. Well, in so far as the R.C.A.F. interpretation is concerned, it is an instrument because the details have got to be exact on there, the marks have to be exact so it is called an instrument by the R.C.A.F.

Q. It is merely a matter of paint?—A. I would suggest it is merely a matter of degree. The same thing applies to an altimeter on an aircraft.

Q. Take the next page, marked section 6 (L); it says indicators, 15 types. What does that mean? Is that what a baseball umpire uses, or what are they?—A. This section is the Link trainer section; and that is a piece of equipment which goes on a Link trainer set-up. I believe it is the apparatus which moves on the table.

Q. It says: 15 types?—A. There are constantly modifications to the Link trainers.

Q. You have not got 15?—A. No, we have a great many modifications of the types which go with each Link trainer; we are constantly improving them.

Q. There is a radio compass there, on that same page; item No. 634; I suppose you have no idea of the quantity?—A. No, Mr. Chairman, none whatsoever.

Q. That is a compass which is attached to an aeroplane?—A. Since that comes under section 6 (L) it would be a radio compass which is peculiar to the Link trainer installation.

Q. Let us go on a few pages.

By Mr. Stewart:

Q. Can we go to 27 (c) where it states: various types of aircraft and personnel dinghies; 27 (c) later on?—A. That means aircraft dinghies and personnel dinghies.

Q. How could they be damaged?—A. Oh, they could be penetrated or punctured; that is about what would happen to them. They might be kicked around an aeroplane and would snag on a projection.

Q. Are they safe when repaired?—A. Yes, provided they are properly repaired under proper supervision, they would be useful.

Q. Is it possible that some of these were destroyed?—A. The same remark applies to them as to the other items, namely, that during that period, there might have been some of these items which were destroyed.

By Mr. Smith:

Q. I wonder if you would mind turning to 10 (d), back from 27 (c).

Mr. GOLDING: What is it, Mr. Smith, 10 (d)?

Mr. SMITH: Back 12 pages from 27 (c); if you now have 27 (c) go back 12 pages.

By Mr. Stewart:

Q. I take it that the answer would be the same on all of these; it is possible that some of them were destroyed?—A. Yes, it is possible that some of them were destroyed.

Mr. SMITH: But this appears to be radio equipment of various sorts?

Mr. McILRAITH: Airborne radio equipment.

By Mr. Smith:

Q. Transmitters; receiver; short-wave receiver; coils; transmitters; switches; amplifiers; and so on. The reason why I refer to that, in fairness to the committee and to Mr. Shaw; Mr. Shaw has, on a number of occasions in this committee, asked about the destruction of radio equipment at a place called Penhold; and having regard to that long list, I suppose the witness has no doubt whatsoever that a very considerable amount of radio equipment was destroyed at Penhold?—A. There is definitely a list which has already been supplied.

Q. Yes, I remember that now. They broadly put it, as Mr. Stewart says: a great deal of equipment contained in this large exhibit may have been destroyed?—A. It is possible that equipment on that list has been destroyed.

Q. And we put it now on this list. I am sure you are of the opinion that a good deal of this has been destroyed? You have given us a list?—A. Definitely, as far as Penhold is concerned, there is a list available; and I have noted under part (a) of the serviceable equipment, obsolete equipment.

Q. Have you a list of No. 10 Repair Depot?—A. No, we have not.

By Mr. Golding:

Q. But it is true that large quantities of this, although it may be on this list, are not destroyed?—A. That is quite possible, Mr. Chairman.

By Mr. Murphy:

Q. It is quite possible that the amount destroyed in dollars and cents may have become \$100,000,000, yet no record was kept of it?—A. I have no opinion as to the value of the equipment which may have been destroyed.

Q. But it might have been that high or even higher?—A. I have no opinion on that.

By Mr. Shaw:

Q. It should be very easy to secure that information because, when Air Commodore Tackaberry went to Penhold he did not stay there very long. Then, he submitted a report to the minister who, very quickly, put a value on what had been destroyed at Penhold. Now, you have about seven centres, I believe, where this took place; and if the minister could issue and secure figures as quickly as he did in that case, it should be easy to secure them for seven or eight centres?—A. I suggest that circumstances are considerably different. The Penhold investigation made by the officer referred to was done almost coincidentally with the report of the destruction, and all of the stuff that had been mutilated was there, and the stuff which had been there was there. I suggest that is the only way it could have been done; they would take the statement of what was shown as reduced to produce and take account of what was still there that had not been mutilated; and the difference was what could reasonably be assumed as having been mutilated. But the situation now is very different, mainly because of the period which has elapsed between the destruction, if any, that took place at the other points; and to-day, the witnesses of such destruction are, themselves, in practically all cases, released from the service and the scrap relating from such destruction has been disposed of through the standing contract of War Assets Corporation. I cannot see how it would be possible to produce such a list.

By Mr. McGregor:

Q. I think if the committee would turn to page 229 and page 230, to the question asked by Mr. Smith, and another followed by Mr. Shaw—if you two gentlemen would just look at that and say whether this is the question you had in mind at that time or not—I do not know?—A. Mr. Chairman, if I may interrupt there, I attempted to answer the question which was addressed to the Director of Equipment and Supply, in a statement which I tabled and which is recorded on page 262. It is a very general statement of policy covering the disposal of general surplus equipment in the R.C.A.F. to which considerable reference has been made in the subsequent testimony. We also give a list of the major units at which destruction took place.

By Mr. Smith:

Q. I shall ask the witness to look at the smaller sheets and that item 6 (a) to (f), instruments not required by the United Kingdom or found unsaleable by War Assets Corporation, except watches, clocks, compasses, and so on. I want to know if the witness is in position to say that clocks and watches were not destroyed or mutilated by the R.C.A.F. by either themselves or as agents for War Assets Corporation?—A. I am not in a position to say that that was not done.

Q. I notice that they are excepted from this instrument business, and I gathered that they were not destroyed. In fact, I have no doubt that many of them were not. Apparently, as I understand this, these individual items were excepted from the general category of instruments; and I gathered that they may not—that these items, watches, clocks and compasses, and so on—have not been destroyed?—A. That is the general intent, that these items under this particular classification had to be reported in to headquarters; and only under specific authority were such items destroyed.

Q. You did not report these to the United Kingdom, if I read it correctly? Aircraft instruments not required by the United Kingdom or found unsaleable by War Assets Corporation except; that takes it away from the broad classification of instruments; then, it goes on to watches, clocks, and compasses. I asked the witness whether or not watches, clocks, and compasses, have, in fact, been destroyed by the R.C.A.F. either on their own account or acting as agents

of War Assets Corporation?—A. I do not know; personally, I do not know of any destruction.

Q. Do you personally know whether or not, or have you heard from your organization as to whether or not watches were deliberately destroyed at Calgary?—A. Naturally, I have heard of that incident which, I think, has been referred to before this committee at a previous meeting. I do not know any details about it.

Q. I beg your pardon?—A. I do not know any details about it, but I have heard of it.

Q. Have you not formed an opinion about that?—A. No, Mr. Chairman, I have no opinion to offer on that.

Q. You mean: you have no opinion or, that you, being an officer in the air force, are not entitled to have an opinion? I do not say that offensively at all; but in the course of your duties, I know there are certain things that a man does not—do not think I am being offensive; I have no idea of being offensive—but I know that a sergeant has limitations placed upon him, and a captain has limitations placed upon him, and so on, up the ladder. Now, have you no opinion as to the truth of this?—A. I may not be clear as to my position here. I understood I was appearing for the R.C.A.F. and that any opinions I offered would be considered as the opinions of the R.C.A.F.

Q. All right, I will put it that way. What is the R.C.A.F. opinion as to whether or not watches were destroyed at No. 10 depot?

Mr. GOLDING: Order! The witness has answered that question, and said that he had no opinion.

By Mr. Smith:

Q. Well, please humour me by letting him answer me again. I put it in very simple language this time?—A. To the best of my knowledge, the R.C.A.F. has not formed any opinion. I feel I should qualify that by saying that I will investigate that, and if I am incorrect, I will make a statement.

Q. And would you also please include clocks. Am I right in supposing that clocks there would mean clocks that would be put on the panel of an aeroplane?—A. That is quite correct.

Q. Would you look into it too?—A. I will.

Mr. McILRAITH: There are two small points; there was a reference made to the estimated figure of destruction at Penhold, the value. Is that figure in evidence?

Mr. SHAW: The minister issued a public statement last September following Air Commodore Tackaberry's return to Ottawa, and if I am not mistaken that was quoted in the House of Commons last autumn. I would not say so definitely, but I think it was. In any event, the Hon. Mr. Gibson would have a copy of it.

Mr. McILRAITH: Have you a reference to the statement?

Mr. SHAW: No, I have nothing here.

Mr. McILRAITH: There is another point I would like to clear up; this short statement that Mr. Smith was referring to. I do not know what it is; I do not know what statement Mr. Smith was using in his examination. It starts off: from 23rd February, 1945, to 23rd March, 1945, items under the following classifications of equipment as detailed on the attached list and not marked with an asterisk, may have been mutilated when repairable and surplus when entirely beyond repair. Now, I take it that period being before the war in Europe or the war in Japan was ended, that the quantities being declared surplus would be relatively small. Is that correct?

The WITNESS: That is correct, Mr. Chairman.

By Mr. Smith:

Q. What do you mean "relative"? How many millions of dollars worth? I suggest to you, Group Captain Millard, that millions and millions of dollars worth of stuff were destroyed at Calgary and at Penhold. Those are the only two places that I know anything about. Surely you must have some idea? You have answered by saying it is relatively small; but how many millions of dollars means relatively small?

Mr. McILRAITH: My question had to do with declarations of surplus all over, at that time, as compared to a later time.

Mr. SMITH: How many millions of dollars would it be at that time?

Mr. McILRAITH: It is only a few millions, all over, relatively; relatively to the figures we have had before the committee from this witness, the total declarations to date. Declarations to surplus have been coming in since the war ended. It is quite true that War Assets Corporation was set up and in business at this time, but the volume of goods coming to them was really quite small in the early stages.

Mr. SMITH: But if you will only tell me what "relatively" means, then you will know more than I do.

Mr. McILRAITH: I think we can get some figures on it; all the figures are on record. I think it amounted to some \$4,000,000.

Mr. STEWART: One of the few reasonably definite allegations which have come out here has been one which I made quoting from the Winnipeg Free Press. That paper is occasionally a reputable newspaper. Last Thursday, when the witness was here, he was asked by the chairman to make a statement.

The CHAIRMAN: The present witness?

Mr. STEWART: Yes. I wonder if he is prepared to make a statement?

The WITNESS: The deputy minister is handling that answer.

Mr. STEWART: Has the deputy minister got an answer, Mr. Chairman, do you know?

Mr. GORDON: I have instituted inquiries and I have both the service police and the R.C.M.P. investigating it, and endeavouring to get to the bottom of it. I will get the report for you as soon as it comes in.

Mr. MARQUIS: I would like to refer to Mr. Smith's question as to information from the R.C.A.F. I do not know if information from the R.C.A.F. or from the witness would be evidence in the record. We have to find out some evidence. The thing I would like to know is: if there is some real evidence that watches, clocks, and compasses have been destroyed. I may have an opinion that something was destroyed, but if it is not real or true evidence, I do not know what would be the real purpose of getting such an opinion. Many witnesses may come in here. However, if it is a matter of general policy I have no objection at all. If it is as to a matter of evidence we must have effective evidence; and if there is no evidence that watches, compasses, and clocks are destroyed, I think we cannot go further.

Mr. SHAW: Before we adjourn, may I ask if we could be provided with a statement of total declarations made up to the 1st September, 1945? It may be already in the evidence somewhere, but I am not aware of it; the total declarations by all branches of the service, all departments of the government, let us say to War Assets Corporation, up to September 1st, 1945.

Mr. GOLDING: If you would make them up to February, which is the date we have under consideration now, make your declarations of surplus to War Assets up to that date?

Mr. SHAW: I asked for it up to the end of August or, the first of September, because of the directive that was sent out on the 28th August.

Mr. McILRAITH: I am wondering, just now, in the interests of getting it forward more quickly, if you would restrict that question to the air force, it would, perhaps give us a more satisfactory result. If we have to tie it up with the sales to certain industrial plants, and so forth?

Mr. SHAW: I am quite agreeable to that, Mr. Chairman.

Mr. MCGREGOR: I have tried to bring up this discussion half a dozen times. Mr. Smith asked a question and Mr. Shaw asked a question in connection with the destruction of these goods out at these places that we have been speaking about, and the answer of the witness is here: Air Commodore R. A. London, we will prepare a statement on that. Now I want an answer to that?

Mr. MARQUIS: I move that we adjourn.

The CHAIRMAN: Mr. McGregor, I think you will find an answer to that particular question on pages 262 and 263. Gentlemen, do we meet to-morrow, Friday, May 24?

Mr. MURPHY: I wonder if I could refer your attention to that famous report on the question of costs of army camps, that is, lands. The reason I mentioned that is that I want to refer particularly to Ipperwash, which is listed as some 2,600 acres, and the cost as \$50,000. Now, I do know there were about 240 acres according to the sessional paper tabled last fall, and the purchase was \$29,000. Now, the total area involved, according to that report, is some 2,400 acres, and it seems out of proportion to me that if 240 acres were purchased for \$29,000, that 2,200 acres could be purchased for the amount specified there. I would like to have that item checked up.

Mr. GOLDING: But what was on the property? Were there buildings on the property that ran it up?

Mr. MURPHY: No. I refer, Mr. Chairman, to Ipperwash which is in Military District No. 1; the acreage is 2,470 and the capital cost for the land was \$50,400.15. There was a report tabled last fall, I think in October or thereabouts, a report on this camp; and having reference to one area of some 200 and some odd acres the reference said that they cost \$29,000, that is what the government paid for it. Now that would only leave \$21,000 for some 2,200 acres; so this figure here of \$50,400.15, supposed to be representing the capital cost of that area, is not correct.

The CHAIRMAN: You want it to be checked?

Mr. MURPHY: Yes, that is it.

The CHAIRMAN: I will see that the clerk communicates with Colonel Denney with a view to having that figure checked. Now, gentlemen, will you decide as to whether you wish to meet to-morrow or not until Tuesday?

Mr. SHAW: I think we should give some attention to spending Mondays, Tuesdays, Thursdays and Fridays to the work of this committee.

The CHAIRMAN: Very well, we will meet to-morrow at 11 o'clock.

APPENDIX "A"

STATEMENT OF VEHICLE HOLDINGS AND DISPOSALS—
ALL MILITARY DISTRICTS

Question: Would it also be possible for us to be given a breakdown of the vehicles on hand, along the same lines as the statement given to us first of all by Col. Denney, as of 30th April?

Asked By: Mr. Stewart, date 2nd May, 1946, page 166 of the official minutes of the 7th meeting.

Type of vehicle	Holdings as of 30 April 1946	To be retained	Declared surplus but not disposed of by WAC as of 15 May 1946
Armoured Fighting Veh.....	234	229	5
Tanks.....	430	439	
Self-Propelled Guns.....	256	256	
Carriers—All Types.....	2,003	1,952	51
Motorcycles.....	3,300	2,800	500
Personnel Carriers.....	5,638	10,405	1,056
Load Carriers.....	9,553		2,573
Machinery Vehicles.....	492	492	
Wireless & Sigs. Vehicles.....	1,111	1,018	93
Technical Vehicles.....	2,850	2,513	337
Amphibious Vehicles.....	88	79	9
Tractors.....	1,931	1,167	764
Transporters.....	87	85	2
Trailers Load Carriers.....	1,045	1,041	4
Trailers Machinery.....	689	684	5
Trailers Sigs. & Technical.....	752	752	
TOTALS.....	30,459	23,903	5,399

1. Of the above holdings 1,157 vehicles are still to be declared to WAC for disposal. The total holdings (30,459) shown above does not include approx. 2,000 vehicles which are still being held as surplus. This quantity (2,000) was previously declared surplus to WAC on blanket declarations and was deleted from records of vehicle holdings consequently it is not included in the above statement.

2. All vehicles in Ordnance stocks across Canada have now been inspected and surplus vehicles selected for disposal. Future selections for disposal will be made from vehicles that are now in units possession and which have not been inspected by representatives of DOS (Prov.).

3. Since it is the policy to select for disposal those vehicles that are in the poorest condition, and retain those that are in the best condition for future requirements of the army, it is not possible at this time to state what quantities and types will be declared, in future at any specific locations across Canada.

SPECIAL COMMITTEE

STATEMENT OF VEHICLE HOLDINGS AND DISPOSALS

MILITARY DISTRICT No. 1

Type of vehicle	Holdings	To be retained	Declared to WAC but not yet disposed of
Armoured Fighting Vehicles.....	132	131	1
Tanks.....	50	50	
Self-Propelled Guns.....	116	116	
Carriers—All Types.....	1,292	1,292	
Motorcycles.....	1,681	1,181	500
Personnel Carriers.....	2,199	4,982	173
Load Carriers.....	5,475		1,362
Machinery Vehicles.....	414	414	
Wireless and Sigs. Vehicles.....	816	744	72
Technical Vehicles.....	1,121	998	123
Amphibious Vehicles.....	17	17	
Tractors.....	585	360	225
Transporters.....	47	47	
Trailers Load Carriers.....	735	731	4
Trailers Machinery.....	659	654	5
Trailers Signals and Technical.....	519	519	
TOTALS.....	15,858	12,236	2,465

Above total includes vehicles in Hagersville, C.M.D., London, New Sarum, and railway storage dumps.

STATEMENT OF VEHICLE HOLDINGS AND DISPOSALS

MILITARY DISTRICT No. 2

Type of vehicle	Holdings	To be retained	Declared to WAC but not yet disposed of
Armoured Fighting Vehicles.....	10	10	
Tanks.....	284	284	
Self-Propelled Guns.....	1	1	
Carriers—All Types.....	68	68	
Motorcycles.....	110	100	
Personnel Carriers.....	438	312	126
Load Carriers.....	645	433	212
Machinery Vehicles.....	7	7	
Wireless and Sigs. Vehicles.....	3	3	
Technical vehicles.....	70	61	9
Amphibious Vehicles.....			
Tractors.....	47	44	3
Transporters.....	10	10	
Trailers Load Carriers.....	25	25	
Trailers Machinery.....			
Trailers Signals and Technical.....	20	20	
TOTALS.....	1,738	1,388	350

Above totals include vehicles in Camp Borden.

STATEMENT OF VEHICLE HOLDINGS AND DISPOSALS

MILITARY DISTRICT No. 3

Type of vehicle	Holdings	To be retained	Declared to WAC but not yet disposed of
Armoured Fighting vehicles.....	15	15	
Tanks.....	16	16	
Self-Propelled Guns.....	3	3	
Carriers—All Types.....	153	153	
Motorcycles.....	140	140	
Personnel Carriers.....	311	282	29
Load Carriers.....	403	374	29
Machinery Vehicles.....	15	15	
Wireless and Sigs. Vehicles.....	51	48	3
Technical Vehicles.....	72	62	10
Amphibious Vehicles.....	2	2	
Tractors.....	103	103	
Transporters.....	9	7	2
Trailers Load Carriers.....	36	36	
Trailers Machinery.....	2	2	
Trailers Signals and Technical.....	13	13	
TOTALS.....	1,344	1,271	73

STATEMENT OF VEHICLE HOLDINGS AND DISPOSALS

MILITARY DISTRICT No. 4

Type of vehicle	Holdings	To be retained	Declared to WAC but not yet disposed of
Armoured Fighting Vehicles.....	8	8	
Tanks.....	72	72	
Self-Propelled Guns.....	122	122	
Carriers—All Types.....	49	49	
Motorcycles.....	558	558	
Personnel Carriers.....	909	861	48
Load Carriers.....	1,006	876	130
Machinery Vehicles.....	40	40	
Wireless and Sigs. Vehicles.....	183	183	
Technical Vehicles.....	1,293	1,148	145
Amphibious Vehicles.....			
Tractors.....	960	470	490
Transporters.....	8	8	
Trailers Load Carriers.....	40	40	
Trailers Machinery.....	24	24	
Trailers Signals and Technical.....	97	97	
TOTALS.....	5,369	4,556	813

Above totals include cased vehicles in Longue Pointe Ordnance Depot.

STATEMENT OF VEHICLE HOLDINGS AND DISPOSALS

MILITARY DISTRICT No. 5

Type of vehicle	Holdings	To be retained	Declared to WAC but not yet disposed of
Armoured Fighting Vehicles.....	2	2	
Tanks.....	—	—	
Self Propelled Guns.....	—	—	
Carriers all types.....	28	28	
Motorcycles.....	42	42	
Personnel Carriers.....	167	95	72
Load Carriers.....	241	196	45
Machinery Vehicles.....	—	—	—
Wireless and Sigs. Vehicles.....	—	—	—
Technical Vehicles.....	23	20	3
Amphibious Vehicles.....	—	—	—
Tractors.....	13	13	—
Transporters.....	3	3	—
Trailers Load Carriers.....	18	18	—
Trailers Machinery.....	—	—	—
Trailers Signals and Technical.....	2	2	—
TOTALS.....	539	419	120

STATEMENT OF VEHICLE HOLDINGS AND DISPOSALS

MILITARY DISTRICT No. 6

Type of vehicle	Holdings	To be retained	Declared to WAC but not yet disposed of
Armoured Fighting vehicles.....	7	7	
Tanks.....	—	—	
Self-Propelled Guns.....	1	1	
Carriers all types.....	48	48	
Motorcycles.....	202	202	
Personnel Carriers.....	374	165	209
Load Carriers.....	343	177	166
Machinery Vehicles.....	4	4	—
Wireless and Sigs. Vehicles.....	27	14	13
Technical vehicles.....	69	50	19
Amphibious Vehicles.....	8	7	1
Tractors.....	66	65	1
Transporters.....	1	1	—
Trailers Load Carriers.....	28	28	—
Trailers Machinery.....	—	—	—
Trailers Signals and Technical.....	34	34	—
TOTALS.....	1,212	803	409

STATEMENT OF VEHICLE HOLDINGS AND DISPOSALS

MILITARY DISTRICT No. 7

Type of vehicle	Holdings	To be retained	Declared to WAC but not yet disposed of
Armoured Fighting Vehicle.....	8	8	
Tanks.....	-	-	
Self-Propelled Guns.....	-	-	
Carriers all types.....	42	42	
Motorcycles.....	41	41	
Personnel Carriers.....	174	108	66
Load Carriers.....	219	97	122
Machinery Vehicles.....	-	-	-
Wireless and Sigs. Vehicles.....	1	1	-
Technical Vehicles.....	28	26	2
Amphibious Vehicles.....	-	-	-
Tractors.....	17	12	5
Transporters.....	1	1	-
Trailers Load Carriers.....	14	14	-
Trailers Machinery.....	-	-	-
Trailers Signals and Technical.....	9	9	-
TOTALS.....	554	359	195

STATEMENT OF VEHICLE HOLDINGS AND DISPOSALS

MILITARY DISTRICT No. 10

Type of vehicle	Holdings	To be retained	Declared to WAC but not yet disposed of
Armoured Fighting Vehicle.....	11	11	
Tanks.....	2	2	
Self-Propelled Guns.....	13	13	
Carriers All types.....	59	49	
Motorcycles.....	139	139	
Personnel Carriers.....	234	135	99
Load Carriers.....	265	191	74
Machinery Vehicles.....	1	1	-
Wireless and Sigs. Vehicles.....	13	13	-
Technical Vehicles.....	27	23	4
Amphibious Vehicles.....	15	15	-
Tractors.....	68	37	31
Transporters.....	-	-	-
Trailers Load Carriers.....	34	34	-
Trailers Machinery.....	-	-	-
Trailers Signals and Technical.....	8	8	-
TOTALS.....	889	681	208

STATEMENT OF VEHICLE HOLDINGS AND DISPOSALS

MILITARY DISTRICT No. 11

Type of vehicle	Holdings	To be retained	Declared to WAC but not yet disposed of
Armoured Fighting Vehicle.....	34	34	
Tanks.....	5	5	
Self-propelled Guns.....			
Carriers All Types.....	218	178	40
Motorcycles.....	265	265	
Personnel Carriers.....	549	356	193
Load Carriers.....	586	267	319
Machinery Vehicles.....	9	9	
Wireless and Sigs. Vehicles.....	15	10	5
Technical Vehicles.....	80	66	14
Amphibious Vehicles.....	46	38	8
Tractors.....	41	34	7
Transporters.....	6	6	
Trailers Load Carriers.....	42	42	
Trailers Machinery.....	4	4	
Trailers Signals and Technical.....	29	29	
TOTALS.....	1,929	1,343	586

STATEMENT OF VEHICLE HOLDINGS AND DISPOSALS

MILITARY DISTRICT No. 12

Type of vehicle	Holdings	To be retained	Declared to WAC but not yet disposed of
Armoured Fighting Vehicle.....	3	3	
Tanks.....			
Self-propelled Guns.....			
Carriers All Types.....	23	23	
Motorcycles.....	35	35	
Personnel Carriers.....	109	82	27
Load Carriers.....	127	52	75
Machinery Vehicles.....	1	1	
Wireless and Sigs. Vehicles.....			
Technical Vehicles.....	25	24	1
Amphibious Vehicles.....			
Tractors.....	10	8	2
Transporters.....			
Trailers Load Carriers.....	42	42	
Trailers Machinery.....			
Trailers Signals and Technical.....	3	3	
TOTALS.....	378	273	105

STATEMENT OF VEHICLE HOLDINGS AND DISPOSALS

MILITARY DISTRICT No. 13

Type of vehicle	Holdings	To be retained	Declared to WAC but not yet disposed of
Armoured Fighting Vehicle.....	4		4
Tanks.....	1	1	
Self-propelled Guns.....			
Carriers—All Types.....	23	12	11
Motorcycles.....	87	87	
Personnel Carriers.....	174	160	14
Load Carriers.....	243	204	39
Machinery Vehicles.....	1	1	
Wireless and Sigs. Vehicles.....	2	2	
Technical Vehicles.....	42	35	7
Amphibious Vehicles.....			
Tractors.....	21	21	
Transporters.....	2	2	
Trailers Load Carriers.....	31	31	
Trailers Machinery.....			
Trailers Signals and Technical.....	18	18	
TOTALS.....	649	574	75

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(SPECIAL COMMITTEE

ON

WAR EXPENDITURES

AND

ECONOMIES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 15

FRIDAY, MAY 24, 1946

WITNESS:

Lieutenant-Commander A. H. Rollit, Deputy Director of Special Services (Navy).

MINUTES OF PROCEEDINGS

FRIDAY, May 24, 1946.

The Special Committee on War Expenditures and Economies met at 11.00 a.m., the Chairman, Mr. Isnor, presiding.

Members present: Messrs. Black (*Cumberland*), Bradette, Coté (*Verdun*), Golding, Isnor, Marier, Marquis, Murphy, McCullough (*Assiniboia*), McGregor, McIlraith, McLure, Probe, Shaw, Smith (*Calgary W.*), Stewart (*Winnipeg N.*), Winkler.

In attendance: Lieutenant-Commander A. H. Rollit, Deputy Director of Special Services (Navy), and Lieut. F. Gallop, attached to Naval Special Services Branch; Lieut.-Col. I. H. Deyman, M.G.O. Branch, N.D.H.Q.; Wing Commander N. M. Gilchrist, Head of Special Service Branch, R.C.A.F.; Mr. H. R. Low and Mr. J. S. Irvin, Assistants to the President, War Assets Corporation.

Lieutenant-Commander Rollit was called. He made a statement of the holdings and disposal of equipment donated to the navy and was questioned.

On motion of Mr. Smith,

Resolved,—That the Steering Committee give consideration to a recommendation whereby equipment donated to the navy, and not otherwise disposed of, may be sold or disposed of by other means so that revenue derived from such source could be used for the benefit of naval personnel.

At 1.00 p.m., witness retired and the Committee adjourned until Tuesday, May 28, at 11.00 a.m.

R. ARSENAULT,

Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

May 24, 1946

The special Committee on War Expenditures and Economies met this day at 11 o'clock a.m. The Chairman, Mr. Gordon B. Isnor, presided.

The CHAIRMAN: We have before us this morning as a witness Lt. Com. A. H. Rollit, representing the auxiliary services. He is prepared to make a statement and will deal with questions as placed on the minutes by Mr. Probe, Mr. Cote and others in connection with donations made to the navy, and more particularly with reference to the outfitting of furnishings connected with corvettes and other ships.

Mr. McCULLOUGH: I wonder if the witness would explain just what the auxiliary service is he has reference to.

The CHAIRMAN: I understand that the witness will first make a general statement. Arising out of that you are at liberty to ask any further questions.

Lieutenant-Commander A. H. Rollit, Deputy Director of Special Services, Navy, called.

The WITNESS: Mr. Chairman and gentlemen: I believe that the material in which this committee is interested is that known as ships amenities, or let us say comforts for service personnel. As far as the navy is concerned—and mind you I am speaking only for the navy—this equipment is divided into three categories. Equipment that was supplied through adopting organizations, that is, organizations which adopted ships, I should like to refer to as A. Equipment supplied through national organizations, that is, the Canadian Legion, Knights of Columbus, Salvation Army, Y.M.C.A., Y.W.C.A., and in some cases the Navy League. This equipment which we will refer to as B was purchased through government grant on approval of the Department of National War Service Funds Advisory Board on the recommendation of the navy. C is equipment purchased through canteens.

If it is agreeable to the committee I should like, if possible to clear up these three categories of equipment in that order so as to avoid any misunderstanding as to questions and answers and confusion with regard to the different types of equipment, because there is a big difference. I do not know whether you are interested first of all in the ship adoption equipment or national organizations, but A. is equipment that was supplied by adopting bodies to ships. B. is equipment that was supplied through national organizations and purchased from government funds on the approval of the advisory board. C. is equipment which was purchased from canteen funds over which we had no jurisdiction whatsoever.

With regard to ship adoption materials, that is, donations from towns and organizations, prior to the formation of the directorate of special services I believe such goods were being shipped direct from the sponsor to the ship. The packages they were shipped in ranged from small cartons to cases weighing 400 to 500 pounds, which the fleet mail office could not handle. The result was that in some cases they would be around the freight sheds for probably six or

seven months before finally delivered to a ship. Perhaps you have wondered why we came into the picture. It was after a meeting with the railways, fleet mail offices and naval stores in Halifax that it was decided we would take over and be responsible for the delivery of these goods.

It must be borne in mind that we were not aware of the contents of these shipments. It was impossible for us, therefore, to know exactly what a ship had in the way of donated comforts when it came to destoring. Cases would come in addressed to the commanding officer of a ship care of the special service officer wherever that ship was based. It might have been Sydney, Newfoundland, Halifax, Derry or the west coast. Our main concern was to get these goods to the ship with the least possible delay.

With the cessation of hostilities the question of just what to do with this equipment did present a problem. Although the goods had been given to the navy they could not really be considered naval property. A lot of consideration was given to three methods of disposal. One was to return everything to the donors. The second was to leave everything on board and let the ships companies who had been given these articles dispose of them as they saw fit at the discretion of the commanding officer. The third was to land and reallocate. That was after V-E day when we were contemplating, as you know, sending quite a number of ships to the Pacific. It was felt that here was a good opportunity to completely outfit ships going to the Pacific with a lot of equipment which they still required, and we could get this much needed equipment by landing these amenities.

The idea of returning to donors was discarded for the reason that most of the equipment was in no condition to be returned. Some ships' equipment, as a result of the fact that they had not gone through quite as much as others, was in fair shape. Other equipment was in very bad shape. For this reason it was felt that we could not return to the town of Kingston amenities and say to the town of Brockville, "We are sorry, but we cannot send yours back." Therefore it was decided in fairness to all we would have the gear landed and reallocated to ships remaining in the service which were going to figure in the Pacific war.

We carried on, and a great portion of this equipment was allocated to ships intended to go to the Pacific. Then V-J day came along which meant that the ships we had already put the gear on started to destore. We took the equipment into stores again and decided that we would reallocate the best of it to ships that were remaining in the service, to permanent naval establishments ashore and to naval divisions. This is the policy that we have been following.

As I stated before it was impossible for us to know what these ships had received from the adopting organizations. When I look back on it now I think we were very fortunate to get the amount of gear off that we did. I feel in view of the nature of the goods, that actually speaking the commanding officer was quite at liberty to have disposed of this equipment any way he liked. If he had felt like having an auction on board and auctioning these goods off amongst the crew I feel he would have been perfectly justified in doing that. That is my own personal view only.

The fact remains we did get a lot of equipment off these ships. The majority of goods that were in good shape have been reallocated. Some that have been reallocated have already been handed back to us, but we have a complete record of every article that was landed from ships, and that, after all was our main concern. We were not interested in what we did not know about. We were only interested in what we had given receipts for. The balance of equipment that we held on hand as at March 31st was turned over to naval stores for replacement purposes, and in a great many cases will have to be declared surplus as of no further use. I have the exact figures of what we

have turned over to stores, and also the figures of the equipment that it is anticipated will have to be declared surplus. Just what disposal naval stores will make of same is something that I cannot say. I presume that anything they dispose of will be declared surplus to War Assets just the same as any other naval gear. That is all on ship adoption. I hope I have given you some sort of a picture.

By Mr. Stewart:

Q. In effect you declare nothing surplus but turn everything over to naval stores?—A. We declare nothing surplus. We cannot declare anything surplus. We have to turn it over to naval stores.

By Mr. Black:

Q. I should like to ask the witness if he had the responsibility for taking the equipment off boats such as Fairmiles that were delivered at certain points for sale. It was reported at the time they were completely stripped. Blankets, kits and utensils were taken and even blow torches were used in taking certain equipment off the ships as soon as these ships landed at certain points. I should like to ask the witness if he had the responsibility for safeguarding that material, where it was stored, and what has eventually become of it?—A. We had nothing to do with any material that was naval gear.

Q. Who had the responsibility?—A. That would be up to the destoring organization, the naval department in charge of destoring. Our only interest was in equipment that had been donated to the ship or equipment that had been supplied through national organizations.

Q. It is reported that in a matter of minutes the ships crews that brought the ships to certain points were ordered off, and certain parties came aboard and took possession of all equipment.—A. I have heard that myself.

The CHAIRMAN: If you will be good enough to turn to page 99, the last paragraph on that page, I think it will place it before you.

Mr. MURPHY: Give us also where the question was asked.

The CHAIRMAN: I can give you that now.

Mr. MURPHY: I mean the question that the Lieut. Commander is answering.

The CHAIRMAN: If you will look at the bottom of page 99 and then go on to pages 121, 122 and 123 I think that will give you the picture which faces you this morning.

Mr. COTE: 99 or 101?

The CHAIRMAN: 99 is the first reference I have. It starts at 99. It is right down in the lower right-hand corner, the last paragraph.

Mr. McCULLOUGH: If it is in order I should like to ask the witness the amount in dollars—

Mr. BLACK: Just before you ask that question do I understand that the answers to my questions and the information that I want are set out on the pages you have just referred to?

The CHAIRMAN: No, the subject as covered by the witness dealing with the questions as asked by Mr. Probe and others relating to donations, and so on.

Mr. BLACK: Have we had any information with respect to the disposal of equipment on these surplus ships?

The CHAIRMAN: I doubt very much if this witness is qualified to answer that question.

Mr. BLACK: We will accept your statement that he is not qualified to answer it. I am asking for information as to whether there has been any evidence as to the disposal of that equipment before our committee?

The CHAIRMAN: Except as it would be declared from time to time by naval services. That would be the only thing.

Mr. McCULLOUGH: I think that is out of the jurisdiction of this witness. I think we should stick to the witness we have here. I should like to ask the witness this question.

The CHAIRMAN: Just a minute please. I do not want to be short with Mr. Black.

Mr. MCGREGOR: You have made it quite clear that the only thing we are dealing with now is something that has been donated to the navy?

The CHAIRMAN: Yes.

Mr. MCGREGOR: Anything that belongs to the navy has not anything to do with this witness?

The CHAIRMAN: That is correct, as I understand it.

By Mr. McCullough:

Q. Can the witness tell us the amount and the various types of equipment that have been declared to naval stores?—A. I can give you that in quantities, not in value. Do you want the whole thing?

Q. Yes.—A.—

Items	Total Landed	Re-issued	No. in Naval Stores	Unserviceable	Balance on hand Serviceable
Amplifiers.	9	3	6	4	2
Ash trays.	197	184	13	1	12
Analysers (electric).	1	..	1	..	1
Bicycles.	57	35	22	4	18
Card tables.	8	5	3	..	3
Chairs.	75	38	37	14	23
Clocks.	31	9	22	9	13
Coffee urns.	28	6	22	4	18
Coffee pots.	18	7	11	4	7
Floor polisher.	1	..	1	..	1
Gramophones.	52	8	44	27	17
Hot plates.	396	164	232	150	82
Irons (electric).	194	144	50	15	35
Kettles (aluminum).	2	..	2	..	2
Kettles (electric).	18	9	9	7	2
Lamps.	6	2	4	..	4
Meat slicer.	2	..	2	..	2
Microphones.	13	4	9	..	9
Mixer (electric).	1	1	..	..	..
Motion picture equipment.	58	24	34	..	34
Meat slicer.	2	..	2	..	2
Pianos.	109	68	41	2	39
Pictures (K & Q).	89	13	76	2	74
Pictures (misc.).	181	58	123	29	94
Potato peelers.	3	2	1	..	1
Paint sprayers.	7	..	7	2	5
Organ.	1	..	1	..	1
Radios.	143	64	79	49	30
Record players.	63	27	36	11	25
Sewing machines.	8	2	6	1	5
Soda water makers.	2	..	2	..	2
Speakers.	143	39	104	64	40
Steam table.	1	..	1	..	1
Statues (St. Therese).	2	..	2	..	2
Toasters.	290	137	153	87	66
Rugs.	48	24	24	13	11
Thermos bottles.	11	..	11	..	11
Transformers.	26	6	20	..	20
Typewriters.	37	15	22	1	21
Vacuum cleaners.	11	3	8	2	6
Washing machines.	224	87	137	74	63
Welding outfits.	2	..	2	..	2
Water cooler.	6	3	3	..	3

Items	Total Landed	Re-issued	No. in Naval Stores	Unservice- able	Balance on hand Serviceable
<i>Musical Instruments</i>					
Accordions.	20	7	13	1	12
Banjos.	13	3	10	..	10
Clarinets.	13	4	9	3	6
Drum kits.	29	8	21	4	17
Guitars.	55	14	41	11	30
Saxophones.	19	7	12	1	11
Trumpets.	15	3	12	3	9
Trombone.	3	2	1	..	1
Piccolo.	1	1	..	..	..
Ukelele.	5	..	5	2	3
Violins.	19	2	17	2	15

Silverware

Bugle.	1	..	1	..	1
Cigarette boxes.	5	..	5	..	5
Candelabra sets.	9	..	9	..	9
Cocktail shakers.	13	3	10	..	10
Cocktail sets.	1	..	1	..	1
Cigarette cases.	3	..	3	..	3
Ice tubs.	1	..	1	..	1
Flatware sets.	18	..	18	..	18
Sauce boat.	1	..	1	..	1
Tea pots.	1	..	1	..	1
Thermos jugs.	1	..	1	..	1
Rose bowls.	3	..	3	..	3
Trays.	25	1	24	..	24
Trophies.	5	..	5	..	5
Tea services.	12	..	12	..	12
Vase.	1	..	1	..	1
Water jugs.	10	1	9	..	9

By Mr. Smith:

Q. No. bagpipes?—A. No, but there are some flutes though.

Q. I did not hear one item. Was it face sprays?—A. Paint sprayers.

By Mr. McCullough:

Q. What type of speakers are those?—A. The majority of them I would say are six inch, just the ordinary loud speakers.

By Mr. Shaw:

Q. There are two or three expressions which I find it a little difficult to follow. You spoke of certain articles being declared to stores and others remaining?—A. They both mean the same thing.

Q. And you spoke of, unserviceable conditon?—A. And written off; they mean the same thing also, sir. We do not write these articles off. They are taken into stores and their men who know about matters of this nature look them over and decide whether or not they are fit for further service. They take an inventory of the goods landed, classify them, and submit it to us. Knowing as we do that they know their business, we simply sign it. When they say a thing is no longer serviceable it is written off.

Q. Do I understand that when an item has been declared to stores you have nothing further to do with it?—A. That is right. We are working now to close out our directorate and that is the reason why we are turning this material over to stores.

By Mr. Smith:

Q. I take it that you do not know how these quantities compare with what was donated?—A. No. As I said before, it wasn't possible for us to know what was given to a ship. These communities preferred to maintain a sort of personal contact with a ship, and sometimes seemed to take a very dim view of the navy handling the gear, even our efforts to see that it reached a ship. For reasons which I explained earlier, it sometimes happened that a considerable time elapsed

before this donated material reached the ship; for instance, the goods might be shipped to the commanding officer of a vessel in Halifax, and the ship might happen to be in Londonderry. It was our responsibility to see that these goods got to that ship as soon as possible.

Q. What I had in mind more particularly was band instruments.—A. We can tell you that by contacting the Canadian Legion. The majority of band instruments on a ship, the same thing applies to projectors, with one or two minor exceptions, come under the heading class "B", national organization.

Q. What I had in mind, for example, now would be the instruments such as you have indicated are now turned over to stores. I do not know offhand just how many instruments make up a band, but it takes a certain number of instruments for a band, does it not?—A. That is right.

Q. And you have eleven trombones, two trumpets, and so on—of course, they do not go in that proportion.—A. That is right. No.

Q. It would seem rather obvious if they were more or less complete bands—you took over some of them, did you not?—A. I think I may enlighten you in connection with band instruments. These instruments and projectors which were on the Canadian ships were all put on board in the United Kingdom. There were no musical instruments or projectors put on board on this side. Nearly all these ships coming back destored these items in the U.K. The Canadian Legion are the only ones who could give you a breakdown of the figures. I have been after them for some time, and have asked the Legion to tell us what goods were landed in the U.K. We know what went on. We do not know where it was landed, apart from one or two particular cases. I think in general a great number of the ships did land their projection equipment and musical instruments in the U.K. before coming back to Canada. Some of them came back with it.

By Mr. Golding:

Q. What do you do with these musical instruments, washing machines and things of that kind which are surplus?—A. That is up to the navy. I would imagine such articles would be declared surplus and handed over to War Assets.

By Mr. Murphy:

Q. You have not the disposal of them?—A. No, we have nothing to do with the disposal. They are turned over to the navy and will be treated as any other naval gear. I think I am right there. If they, the navy, are disposing of anything, I presume they would do so through War Assets. I do not think the navy can dispose of anything on its own.

Q. I wonder if War Assets have a record of what they have received from naval stores?—A. If I might interrupt there, I do not think War Assets would have received anything along this line as yet.

Q. In other words, nothing has been declared?—A. Nothing has been declared surplus to War Assets.

By Mr. Shaw:

Q. Does the policy which has been pursued seem to have met the approval of sponsors, or do you have many complaints?—A. Very much so. As a matter of fact, there was a time when we used to get perhaps an average of eight or ten complaints a day from sponsors, asking why they had not received acknowledgment from their adopted ships. I think I can safely say that we cut that down to one a month, practically cut it out. You could go down to the freight shed in 1943 in Halifax or in Newfoundland, and find gear which had been stowed there for a long time. I know of one particular case of gear which was stored there for two years; that happened to be gear which came from an organization in the States.

Q. I was more particularly concerned in this matter of disposal.—A. Yes. All the sponsors were contacted by the department. It was pointed out what we intended to do and they were all quite favourable. In some cases various communities had requested that articles be sent back and when we explained to them the policy which had been adopted, I do not know of any who have not fallen in line or been quite agreeable.

The CHAIRMAN: I suppose most of those donations would apply to corvettes and ships of that type?—A. They would apply to corvettes, frigates, fairmiles, algerines—nearly every ship in the navy was adopted; that is, towards the end.

By Mr. McGregor:

Q. Do I understand that all these goods we have been talking about this morning have been donated?—A. All the goods which have been referred to, with the exception of the projection machines and the musical instruments, were donated by adopting organizations, with the exception of the odd projection machine. We would have no record ourselves, where these gifts came from; beyond the fact that we would know whether certain types of equipment came from organizations or whether it was supplied by the sponsor. I would say that there were perhaps six projection machines which were supplied by sponsors.

Q. And when these stores declared surplus are turned over to War Assets and sold, where will that money go?—A. As to the money for material that is sold through War Assets, I suppose it would be handled in the same manner as revenue from any other gear War Assets disposes of.

Q. Then it would go to the Crown?—A. Definitely.

Q. Has the crown the right to sell goods which were donated by adopting organizations and put it into public funds?—A. That is a question. The point is that these adopters have agreed to transfer these items to the navy; in other words, they have given them to the crown. I would be inclined to think that the crown could dispose of them.

Q. Why could not this property be sold by public auction and turned over to the navy?—A. To the benevolent fund?

Q. Yes.—A. It could be.

Q. Would not that be the proper thing to do?—A. It is a good point. It could be looked into. So far we have not looked at it from that angle at all.

By Mr. Murphy:

Q. You have no objection to turning it over to the air force?—A. We would not have any objection to turning it over to anybody. I point out here in regard to these projection machines, perhaps ten of these the navy will want to retain; that is the figure given me by the photographic section, and that will leave us twenty-four.

Q. If these articles were to be sold and the money transferred to the benevolent fund, would they be sold by your organization?—A. No, we have no machinery set-up to dispose of anything.

Q. And for the funds to go back to that organization, how would it have to be handled?—A. That is a point. And another thing that comes up here is the fact that these adopting organizations have all agreed to turn these items over to the navy to deal with as they see fit; I suppose that would mean they could dispose of this equipment in the same manner they would anything else held in stores which might be declared surplus.

Q. I was wondering, Mr. Chairman, in view of the spirit behind the donations, if we could go on record that the surplus be disposed of and the money turned back to the benevolent fund, rather than have it go to War Assets to be sold as scrap and the money go to the crown. It may be too late for those

who have left the services to receive any benefit, but I think those who remain in the services should receive some benefit from the fund, and it may be that that fund might also convey some benefit to those who have left the services as well.—A. We have a special service account held in trust by the treasury which is used for the purpose of furthering and continuing the welfare of all service personnel. For instance, if a signal station somewhere wants something they cannot get through the navy; their request is approved and it is provided and paid for out of this fund. I would be only too happy to see something like that done with this equipment and the proceeds put into a fund of that nature; not necessarily into the benevolent fund, for the simple reason that these articles were given so that the lads who took part in this war would benefit by them. And there are a lot of these lads still in the service, there are a lot of them who are going to be needing comforts, and ships on which they can use a lot of this type of equipment which the navy itself does not provide.

The CHAIRMAN: Would you not re-issue in cases of that kind?

The WITNESS: Yes, we would re-issue those on hand but there are a lot of articles that are not included here, Mr. Chairman, which have to be bought occasionally.

By Mr. Golding:

Q. Mr. Chairman, would it not be quite in order for the Navy itself to make such disposition of these articles as has been suggested?—A. I do not think the navy itself would dispose of this gear in any way other than through normal channels.

Q. But if they do not want to dispose of it, if they wanted to keep it within the navy itself?—A. That is quite all right, sir.

Q. There would be no difficulty about their doing that?—A. Naval stores will handle it—for instance, we get two or three signals a week—yesterday we got one from a ship requesting certain articles. We know where they are coming from, out of this stock.

Q. Sure—A. There are some things here which the navy does not need, of which there are more than is required, and that is a problem. I do not think the navy is interested in having to store at this stage, musical instruments for instance—they deteriorate with age, particularly pianos; and if you leave a piano in a cold warehouse it will ruin it in a very short time—so they would be only too glad to dispose of it.

By Mr. Shaw:

Q. Without possibly appreciating all the complications which might be involved with respect to the suggestion that sales be held and that the proceeds be made available for the benefit of naval personnel, I must say that I for one—and I think I can say the same for the City of Red Deer which sponsored one of these ships—would endorse any action whereby the proceeds of the sale would be made available to service personnel. I like the idea, and if it is in order for us as a committee to make a recommendation along that line, I think we should. Of course, once this material gets into the hands of War Assets I should imagine the whole procedure will become somewhat involved, because it would be very difficult for them to pick out a few items from among the great quantities with which they have to deal. I think the suggestion is a good one.

Mr.-MURPHY: Mr. Chairman, would you consider my suggestion as to whether we can make such a recommendation, as to whether it will be in order?

The CHAIRMAN: I am just wondering whether this is the proper time to take such action, Mr. Murphy. You have signified your wishes along that line and perhaps the steering committee could re-consider it and draft a recommendation. Would that be satisfactory?

Mr. McGREGOR: Who is running this show, is it the steering committee or this committee that is running this show?

The CHAIRMAN: Well, I am just suggesting that. There is no need for us to get heated up about it. We can have a discussion about any matter we like, but just because the chairman suggests something it does not mean it is going to be carried out along those lines. I am merely suggesting that that might be the best way for us to deal with it, and I would like to give you the reason why—

Mr. MCGREGOR: Yes, give us the reason why it should be considered by the steering committee.

The CHAIRMAN: Because the steering committee as one of its functions will prepare the draft report which will later be placed before the main committee for its acceptance, modification, or rejection as the case may be. That is my first point. My second point is this, that we have here witnesses dealing with the same subject matter representing the R.C.A.F. and also the army—representing their special services branch. They, like the navy, provided extra amenities for the members of their respective forces. I thought it would be well to have the general statement before us before making any definite recommendation along the line suggested.

Mr. MURPHY: The thought I had in mind was this, Mr. Chairman, that if we were to pass a resolution that that might strengthen the hand of the steering committee when preparing its draft report.

Mr. COTE: Mr. Chairman, may I say that I for one am in full sympathy with the views expressed by my good friends, Mr. McGregor, Mr. Murphy and Mr. Shaw on this point. On the other hand I think your suggestion is in order. First of all we all agreed that a matter like this does not specifically come within the terms of reference to this committee, as these matters relate to donations which have been made by sponsors of ships in most cases. I think the steering committee should study this point and see whether the committee can make any recommendations without interfering with the internal administration of the navy. Up to now they have taken upon themselves, with the agreement of the donors, to follow the procedure which they have followed up to the present time. Now, is the committee empowered to make any such recommendation to the naval authorities? I do not know. That is a point which should be carefully checked up. Besides that, no recommendation I feel should come from this committee, so far as the naval department is concerned, without a full appreciation of what we are going to do so far as the other services are concerned, the army and the air force. I think, Mr. Chairman, that your suggestion is in order; at the same time I want to say that I am in full sympathy with the line of thought given expression to by my friends here.

The CHAIRMAN: And I may say that I am also.

Mr. MCGREGOR: I do not care whether it comes from this committee, from the steering committee, from the House of Commons, where it comes from, but I do not think this country is entitled to take money from the sale of articles donated by public-spirited citizens for naval purposes, for use in ships in this case, funds with which things have been purchased and sent to these ships, and then have those things disposed of and the money go to the crown. If they are going to dispose of this equipment, then I say it should be disposed of by public auction, being sold to the highest bidder, and in this case the proceeds go to some naval organization. That is my stand, and I do not care how you go about it.

Mr. GOLDING: In dealing with a matter such as we now have before us in this committee the matter is discussed and the committee expresses its view in regard to it, and then action is taken; but there is a time for action to be taken, and that time is when we are preparing our report. A motion has been made that a certain act should be recommended. Any matter of that kind should be considered after we have completed hearing the evidence. It properly comes before the committee when we are considering our report. We will then have

the evidence before us so we can study it and prepare a recommendation on the matter for inclusion in the report. That is the proper procedure and your recommendation, Mr. Murphy, would be acceptable then.

MR. MURPHY: Yes. The point I had in mind was that it might be beneficial to the steering committee to know the views of the main committee, and I thought it would be helpful if that action was taken in the form of a resolution endorsed by the committee.

MR. COTE: May I say on that point, from past experience I do not think the committee is allowed unless it sits in camera to study the evidence that has been produced, especially to formulate recommendations that it may make to the House. We are now at the stage where we are receiving evidence on different matters, and after this evidence has been presented I presume the committee will be sitting in camera and make the recommendations that it sees fit to make to the House of Commons, and while doing that will sit in camera.

MR. SHAW: Mr. Chairman, I assume that probably a motion is not necessary, but I think what Mr. Murphy had in mind was an expression of the views of this committee as to how this material should be disposed of. This witness now knows the views of the members on this matter, that might constitute sufficient authority for him to recommend that action of that kind be taken. It may be that the expression of views which the witness has heard will be sufficient without it being necessary for us to make any recommendation on that specific point in our report to the House.

MR. GOLDING: After all, it is in your own hands.

THE WITNESS: Yes sir, it is. The main thing is that we do not want to do something that is going to create a terrific row. I agree with this committee. I would like to see these articles disposed of and the funds put into this special account; not necessarily the benevolent fund, but a special account which can be used by whoever is going to take over the work we are now carrying on. These things should be used, as was intended, for the benefit of naval personnel.

By Mr. Cote:

Q. Have you any other organization than the benevolent fund which would benefit by the receipts of the sale of these articles?—A. The naval benevolent fund is our main benevolent fund.

Q. How is this fund financed, how has it been financed in the past?—A. It has been financed through donations, and I think the Newfoundland canteen gave it \$75,000 when they closed out. That is the way the benevolent fund is built up.

THE CHAIRMAN: Is that a continuation of the so-called canteen fund?

THE WITNESS: The canteen funds—no, they were closed out, their balances were transferred in some cases to the benevolent fund.

MR. COTE: And the main source of financial support for the benevolent fund came out of this canteen fund?

THE WITNESS: I think I could safely say, yes; the canteen funds have been the main source in the Royal Canadian Navy, they have turned a considerable amount into the benevolent fund; and I think with the receipts from the Navy Show as well as from the film just completed they should get quite a bit more.

MR. SHAW: I was just going to suggest that with the more rapid disposal of surplus equipment, and with a good many of these things particularly in very short supply, I am sure that the War Assets Corporation would like to be relieved of the responsibility of their disposal.

THE WITNESS: But the main thing is that the navy has no machinery for the disposal of equipment of this nature.

Mr. SHAW: Well, in any event, comparatively speaking there is not a great deal to be dealt with.

The WITNESS: The point is, who is going to give us the authority. That is the question. We already have the authority from the donating organizations to transfer these goods to the navy, but I am quite sure our own directorate could not do it, and I do not think the navy would do it. They might. That is only my personal view.

Mr. MARQUIS: That was just a general agreement on the part of the donors that you would dispose of it that way, was it not?

The WITNESS: Exactly. If the donors got wind of the fact that we were selling it to the public, auctioning off a lot of this equipment, there would be quite a howl.

Mr. SHAW: You would have to get in touch with them about it.

The WITNESS: Do you know how many there are?

Mr. SHAW: No, I do not, can you tell us?

The WITNESS: Probably four hundred.

Mr. SHAW: Well, in these days that would not be a very considerable matter; it would only mean the writing of say four hundred letters.

By Mr. Marquis:

Q. The witness has told us that a certain amount of this kind of equipment will be needed for peacetime use; is that so?—A. That is right.

Q. Would there be substantial quantities of this other equipment that it will be necessary to declare surplus?—A. There will be I would say a fair quantity of other equipment that we will not require—we might over a period of time, but I cannot see holding unlimited quantities of that sort of gear in stock indefinitely.

Mr. SMITH: I have a motion to make, or it may be an amendment, and it is this: that this committee recommend that ways and means be found so that the proceeds of these articles shall go to the benefit of those lads who serve in the navy. That will probably accomplish our purpose.

The CHAIRMAN: Mr. Smith, will you just consider that I am sitting over there and addressing the vice chairman? I differ with you in regard to your suggestion on the same grounds as I did with the suggestion made by Mr. Murphy for this reason: I think the members of the steering committee have been appointed by you to undertake certain work.

Mr. SMITH: Perhaps I should say that we recommend to the steering committee that they recommend.

The CHAIRMAN: That is what I was going to suggest to you.

Mr. SMITH: I am quite content to have that.

Mr. MARIER: Examine the question and report as soon as possible.

The CHAIRMAN: Drop those last few words. I do not want a piecemeal recommendation made. I want a fairly comprehensive report made on this and other matters at the same time. Your amendment is that this matter be referred to the steering committee?

Mr. SMITH: My amendment is that we recommend that to the steering committee. We are not tying their hands or those of anyone else when we make that recommendation to the steering committee.

The CHAIRMAN: I think that is proper, and I am in sympathy with the thought.

Mr. SMITH: I know you are. I am not disputing that.

Mr. PROBE: I regret I was late getting in.

The CHAIRMAN: You are speaking to the motion, are you?

Mr. PROBE: I understand that the subject under discussion is surplus welfare stores that have been donated by interested civilian bodies for naval welfare, and that they involved a policy now whereby this equipment which they no longer will require for the peacetime navy is going to be declared to war Assets Corporation for disposal. Am I correct thus far?

The CHAIRMAN: Not necessarily.

Mr. GOLDING: Part of it goes to the navy.

The CHAIRMAN: The witness supplied the committee with a very complete list of equipment taken from the various ships and then gave details as to what portions were re-issued or placed in stores. It is that portion particularly which has been placed in stores that we are considering.

Mr. PROBE: I take it that equipment is largely recreational which you are speaking about now?

The CHAIRMAN: No.

Mr. SMITH: Silverware, coffee urns, coffee pots, and so on.

The CHAIRMAN: Are you ready for the question? All in favour say "aye"? (Carried)

Are there any further questions, gentlemen, of the witness?

By Mr. Cote:

Q. Would you have a list on hand of the cities and towns which have sponsored ships and have donated articles?—A. No, I have not that list with me.

By Mr. McCullough:

Q. The witness made a reference to welding outfits. What would they be used for in the navy?—A. A ship might have requested a welding outfit. For instance, a lot of these organizations would write the ships and ask them to stipulate what articles they could use. Take paint sprayers, for instance. I have often wondered why an adopting organization would supply a paint sprayer to a ship. I felt if the navy wanted to paint a ship the navy should have supplied them with a paint sprayer, but in a great many cases they did request various items from the organizations such as that which the organizations did supply. Just what the welding outfit would be I cannot say. I have not seen it. I have seen the paint sprayers but these articles to which I am referring, paint sprayers and welding outfits, were definitely supplied by the sponsor. I think I said one welding outfit, did I not?

Q. Yes, I think it was one. That is still on hand?—A. Still on hand. I beg your pardon, there are two of them and they are still in stores.

Q. I did not catch the number.

By the Chairman:

Q. Would you say that a considerable quantity of these articles would likely be reissued from time to time?—A. If you would like me to I think I can give you a pretty good picture right now. I will take what we have left in stores. We will forget the items that were declared non-serviceable. Amplifiers, 2; ash trays, 12; analysers, 1; bicycles, 18; card tables, 3; chairs, 23; clocks, 13; coffee urns, 18; coffee pots, 7; floor polishers, 1; gramophones, 17; hot plates, 82. You must remember that these hot plates are 220 volts, and it is doubtful if you would be able to sell them to anybody and have them be of any value. You would only be selling them a liability. They are only good in the event they are used on a ship. Irons, 35; they are all 220 volts. Kettles, 2; electric kettles, 2; they are 220 volts. Lamps, 4; meat slicers, 2; microphones, 9;

motion picture projectors, 34; of which I would say that 10 are about all that the navy might require leaving 24 projection machines to be declared surplus. Of all those I have read I think that is the first item where the navy would have any surplus. They could find a use for the others. Meat slicers, 2; pianos, 39. It is doubtful if we would require 39 pianos so you might say that we would have some pianos that would be declared surplus, that is, surplus to our needs.

By Mr. McCullough:

Q. Can you tell us anything more as to the two pianos that have been declared unserviceable? What has happened to those?—A. They are in stores. Pictures, 74; I think the navy could use 74 more pictures of the King and the Queen. Pictures, miscellaneous, 94; potato peelers, 1; paint sprayers, organ, 1; radios, 30.

By Mr. Stewart:

Q. What is the voltage of the radios? Is it the same?—A. They vary. Some are 110 and some are 220. Record players, 25; sewing machines, 5. If we were to put a radio in every mess deck of every ship we could use 30 radios very easily. When I say 30 radios that does not necessarily mean that there are 30 radios working. There are 49 that were written off which perhaps means that someone had turned in an empty case and called it a radio. 30 are still in stores, and of the balance on hand in stores I would be very surprised if there were 10 of them you could go to right now, connect them up and have them work. Record players, 25; sewing machines, 5; soda water mixers, 2; speakers, 40; steam tables, 1; toasters, 66. Those again are all 220 volts. Rugs, 11; thermos bottles, 11; transformers, 20; typewriters, 21. This is another item which the navy might not need all of the typewriters. Vacuum cleaners, 6; washing machines, 63. We certainly will not need 63 washing machines. Welding outfits, 2; water coolers, 3. As to musical instruments we can use every one of them in the navy. The silverware is being retained in naval stores in accordance with naval order 4,909. The majority of the silverware is engraved with the particular ship's name from which it came. It is to be held in safe-keeping in the event that a ship bearing that name, or that particular ship, is ever recommissioned.

Q. The fact is that there is not a great deal of this?—A. We have got four items that would be surplus. Projection machines, pianos, typewriters and washing machines.

Mr. MURPHY: I am interested in that potato peeler. That would not be flesh and blood with bell bottom trousers.

The WITNESS: No.

By Mr. Probe:

Q. What about books? You have no books in this list? You received hundreds of thousands of books?—A. The books reverted to the naval library.

By Mr. Shaw:

Q. What was that third item?—A. Electric analyser.

Q. What are they used for?—A. For locating any electrical trouble on a ship, we have only four items—and they are all bulky items—that you might say all of which the navy could not find a use for.

Mr. MURPHY: Can we proceed with the next question?

The CHAIRMAN: Except that I should like to point out that I want that information when the steering committee considers the question because it bears out the thought I had in mind, and the fact is that it simmers down to a very small item.

By Mr. Smith:

Q. I want to ask another question as to donations from service organizations and various other organizations. I have read in the newspapers it ran to a tremendous amount of money and a tremendous number of articles. We have here a list of what has been landed. I think that is the expression the witness used. Has he any idea how the list he has compares with the tremendous number of articles that were donated? What in the world happened to the balance? —A. Are you still referring to donations or are you thinking of goods supplied through national organizations?

Q. I am speaking of goods supplied by persons other than the navy itself.

—A. I have not started to touch that. The ship adoption section is a very small portion.

By the Chairman:

Q. That is A?—A. Yes.

Q. We will go on with B.—A. You have your national organization. I should like to say a few words on those. They are known more commonly as auxiliary service organizations. All the amenities supplied through these five organizations since the beginning of 1943, I believe, were purchased through government grant. These funds were approved by the National War Service Funds Advisory Board on the recommendation of the navy. If they were purchases concerning the navy, if we wanted \$1,000 worth of furniture, we will say, in the recreation hut at Cornwallis or Shelburne. A recommendation was forwarded from the Commanding Officer to N.S.H.Q. to the effect that a request be made to the Advisory Board and whatever organization was concerned—let us say the Y.M.C.A.—which was servicing the base for approval of the necessary funds with which to purchase this equipment. This was included in their monthly budgets and it was either approved or rejected by this National War Services Funds Advisory Board, better known to some of you gentlemen as the Burton Budget Board. The organization concerned bought the equipment, sent it in to the establishment concerned and was in turn reimbursed by the Department of National War Services who really controlled the whole set up. There is now no Department of National War Services, this was replaced by the committee, references to which will follow. In the majority of cases the organization concerned had a supervisor or supervisors in the establishment. It was their responsibility to look after the maintenance and replacement of such equipment, and where maintenance or replacement was required the cost of this was also paid for by government grant approved by this budget board.

With the cessation of hostilities the problem arose as to what should be done with this equipment. I should like you to remember that I am only speaking for the navy. I do not know how the army or the air force worked on this particular item, but I can tell you how we did. For instance, when we were closing out our three little bases down at Pictou, Liverpool and Lunenburg, the organizations had a certain amount of equipment in these places. It was our job to know whether we could use this equipment and if we felt we could use more equipment in H.M.C.S. Stadacona or in H.M.C.S. Scotian we immediately made a request through C. in C.H.Q. to the department that the organization concerned, also the Department of National War Services, be requested to transfer it to the navy on a permanent basis for use in a particular establishment. This was always agreed to. The equipment was transferred from Liverpool or Lunenburg to H.M.C.S. Scotian a receipt for it was issued and it was taken over as naval gear.

With the closing down, we will say, of a particular establishment where we had already transferred equipment that equipment remained naval property. We move it around as is necessary. It being approved that the transfer to the navy

on a permanent basis be made I presume it should be treated just the same as any other naval equipment.

If you like I can give you an example. A letter arrives for instance, from the commanding officer of a division H.M.C.S. Tecumseh.

With reference to letter so and so, enclosed herewith is a list of articles that are at present in this establishment on loan from the above mentioned organization. As this division is desirous of keeping these articles it is requested that permission be given to transfer same to our permanent ledgers.

Such goods are then taken on permanent ledger by the navy. The department writes to the National Council of the Y.M.C.A., which was the organization concerned, and makes this request. We do not tell them to do it. We ask them to do it, and they in turn generally agree. Their representative receives from the commanding officer of H.M.C.S. Tecumseh a receipt for the equipment thus transferred, and their responsibility for that equipment ends. It may be that we do not want the furniture. For instance, take H.M.C.S. Peregrine, which was a fairly large establishment which was closed out. We write the commanding officer, Atlantic coast, and ask him to take an inventory of the furniture that is in Peregrine supplied by the Y.M.C.A. and to advise the department if there is any of that equipment he wants transferred to Stadacona or any other establishment on the east coast. He writes back and says he does not want it, that it is not required. In that case we do not touch it. It is up to the organization concerned, which in this case was the Y.M.C.A., to carry on and dispose of that furniture.

From glancing over the minutes of this committee I think one of the questions that was asked was:

What are the national organizations doing with the funds that they get for the sale of this furniture?

I believe that question was asked. The national organizations take the furniture out of the establishment. It is not our responsibility. It is theirs. I might refer you to an item here. P.C. 91/1326, dated April 6, 1946, sets up a joint services advisory committee on welfare which acts in an advisory capacity to the Department of National Defence in respect of all matters referring to national war service organizations, the disposal of assets, and so on. Here is a letter from the secretary of that committee which I think might give you the answer to your question. This is from the secretary of the committee which was set up by this P.C. to which I have just referred to the national organizations.

At the meeting held on the 14th of May, 1946, between representatives of the auxiliary services organizations—that is the five national organizations—

and of this department at which the disposal of assets acquired by the organizations as a result of the provision by them of war auxiliary services and the allocation of the funds remaining in the hands of the organizations upon the termination of their services was discussed, the representatives present agreed that such assets should be disposed of and such funds allocated as is set out hereunder.

The assets now held by you can be divided into three classes:—

- (a) Real property.
- (b) Equipment.
- (c) Funds derived from the sale of canteen merchandise.

With reference to real property and the buildings thereon, it was agreed that any property or buildings required by the armed forces would

be turned over to them, the balance to be sold by you if held in your name and by War Assets Corporation if held in the name of the Crown. The sale of any property held in your name is to be subject to the approval of this department and to be in accordance with the principles established by War Assets Corporation.

With reference to equipment, it was agreed that such equipment now held by your organization in the United Kingdom as is required by the armed forces in connection with their post-war programs will be transferred by you to C.M.H.Q. for return to Canada, and that such equipment as is required by the Salvation Army in connection with its overseas operations after July 31 is to be turned over to that organization, the balance of the equipment then remaining in the United Kingdom to be disposed of by you, subject to the general approval of the joint services advisory committee overseas.

It is a subcommittee of the joint services advisory committee here.

Such of the equipment held in Canada as is required for the post-war programs of the armed forces and the Department of Veterans Affairs is to be turned over to this department and delivered as directed. The balance of such equipment is to be sold by you.

I think this is the part you are interested in—

subject to the general approval of the joint services advisory committee in Ottawa and in accordance with the principles established by War Assets Corporation.

It was agreed that all funds realized by your organization through the disposal of all of your assets both in Canada and elsewhere and including funds derived from the sale of canteen merchandise other than those accounted for to the regimental funds board, would be kept by you in separate accounts and that, after all outstanding obligations have been met, the balance of these funds would be paid to the canteen trust fund and/or the Receiver General as part of refund of accountable advances, as directed by this department.

You will be advised within the next ten days as to what real property and equipment is required by the armed forces and the Department of Veterans Affairs and when you have received this advice, you will be in a position to proceed at once to dispose of all property and equipment surplus to such requirements.

The department appreciates the co-operation of the organizations in the formulation of the policy outlined above, and desires your concurrence in the policy as it applies to your operations.

By Mr. Smith:

Q. I do not know that I am very clear on that. You said something about the disposal of property being approved in accordance with the principles of the War Assets Corporation. What does that mean?—A. This joint services advisory committee, which was set up in this P.C., apparently decided that the War Assets policy was as good as any to follow. I think that is what it means.

Q. In other words, they observe priorities and so on in the disposition. Are you sure they know what they are?—A. I cannot answer that, sir.

Q. Now then, the funds they get are to be held until they have paid their debts, and what is the final resting place of the funds?—A. They will be turned over to the Receiver General as part refund of accountable grants. In other words, they will be turned back to the department. The department financed them to begin with. They will be refunded or paid into the canteen trust fund which is, I believe, if I may bring you into this, what the army is going to establish. Is that right?

Wing Commander GILCHRIST: I believe so, but I cannot speak for the army.

By Mr. Shaw:

Q. What is the determining factor as to whether it is to be put into the canteen fund or paid to the Receiver General? What is the overriding and definite policy there?—A. At the last meeting of this joint services advisory committee—I am getting on dangerous ground because I do not like to talk for the army—being a member of the committee and being there I would judge it had not yet been decided as to whether or not there was going to be such a thing or there is such a thing as the canteen trust fund, or whether it would be feasible for the balance of these funds to go to that fund. I think, however, that is where the proceeds from these sales will eventually go.

Q. To the canteen fund?—A. To the canteen trust fund which is equivalent to the naval benevolent fund. Whether or not the navy will get anything for the benevolent fund I do not know. That is only my own personal interpretation.

By Mr. Murphy:

Q. I should like to follow this matter through. These national organizations from coast to coast raise money, and do they pool that money for these purchases?—A. They do not raise money. They receive money from the government. The government financed all national organizations as from some time late in 1942.

Q. It was government funds?—A. Government funds, and that is where the Department of National War Services comes into the picture. That was one of their jobs to more or less govern the expenditures.

By Mr. Cote:

Q. What are these national organizations to which you have been referring?—A. The Canadian Legion, Knights of Columbus, Y.M.C.A., Y.W.C.A., Salvation Army and the Navy League. The Navy League can be considered a national organization but in the majority of cases they were not financed. It was only in very special cases where they received any financial aid from the government.

By Mr. Probe:

Q. Special dispensation was given to the Salvation Army, according to the brief read by the trustees, with respect to the disposal of materials of which they were the trustees over on the other side of the ocean. Can we have an enlargement on that?—A. You have five organizations operating overseas until the 31st of July. It was agreed by this committee that the other organizations would cease to operate in the United Kingdom, and leave one organization there to complete the job, which will take several months, and that organization should be left with any equipment it requires to carry on this job.

Q. And then the disposal of those assets will be in accordance with the instructions already outlined here?—A. "The balance of the equipment then remaining in the United Kingdom to be disposed of by you, subject to the general approval of the joint services advisory committee overseas." It is not likely they will return any of that equipment to Canada, but any equipment disposed of over there has to be accounted for the same as any equipment disposed of over here.

Q. Has the joint services advisory committee an inventory covering the materials which were bought from federal government funds?—A. No, I would say that the only people who would have that would be the national organizations themselves. I am fairly certain they would have it.

Q. Has the joint services advisory committee a list of the surpluses which these groups are holding?—A. That is what we are asking for right now. I think the army in particular has promised to tell the organizations what portion of

the equipment they now have on hand they want to retain for their post-war use. Then the organizations will be in a position to declare whatever they have as surplus. I do not think the joint services advisory committee has a record of that. I believe the organizations themselves have it.

Q. It is the duty of this committee to see that assets acquired by the government in the course of the war for whatever organizations they sponsored are disposed of in the best economic interest of the country. That is why this committee was set up, to investigate how this is proceeding. In the case of the auxiliary services each service is its own master in so far as the disposal of whatever equipment of which it is the trustee for the navy—am I correct there?—A. I would say you are, sir.

Q. War Assets now being considered as the disposal agency, but the policy of War Assets is going to try to be implemented; that is also correct?—A. If I may correct myself; subject to the approval of this joint services committee.

Q. Well, in general, I take it that the idea is that the auxiliary services will have a reasonably free hand because the head of each service are members of the government advisory committee, therefore their recommendation will carry?—A. That is not right. They are not members of this committee.

Q. Is there any safeguard that they will not just take whatever equipment is held by each organization and sell it for a nominal sum to that organization itself? Take for example the Canadian Legion which has \$5,000,000 of equipment; can it sell that equipment for a nominal figure to the Canadian Legion if it wanted to under this policy?—A. I think the Canadian Legion would have the right to purchase it.

Q. And, as to this directive, which is dated May 14, you are really not in a position to say how it is working out, because actually this joint committee has met since we first asked that the officer return to appear before this committee, Mr. Chairman.

THE CHAIRMAN: Yes, except that I think it is only fair to point out that the auxiliary services continued to function up until the end of March.

MR. PROBE: We have asked that consideration be given, in connection with the economical disposal of surplus assets, to the claims of educational bodies. It would seem to me from my knowledge of the auxiliary services overseas that they have a lot of equipment which has little commercial sale value, but which has an enormous educational value. I am quite positive that the auxiliary services would collectively have a million books, for example,—perhaps more than that—overseas; and they have books which would be suitable for school library purposes, and it would seem to me that we would be remiss in this committee if we did not consider the disposal of recreational and educational equipment to educational groups in some form of recommendation. I see from what has happened this morning that it is very hard to get a recommendation through this committee. Do you not think, Mr. Chairman, we should at this stage offer a directive as to the importance of economical disposal, that it should be considered from the aspect of educational utility. If the members of the committee feel as I think, a large part of what the auxiliary services have, as indicated by the list read by the witness a few minutes ago, definitely has a place in educational institutions, whether in commercial schools or in day schools. And I would like to comment that this stuff be reviewed with the educational adviser—Mr. Low is right here, I understand he is in charge of educational policies with the War Assets Corporation—and I believe that the War Assets educational adviser should be consulted in this regard; and that Canada-Newfoundland Educational Association should be included in that as well, and for that reason I should like to recommend to the consideration of the steering committee that they consider the efficient disposal of this equipment, a lot of which will be given away any way because it has no sale, commercial value, but it has enormous educational value.

Mr. GOLDING: I would like to remind Mr. Probe that that has already been done before now.

Mr. PROBE: I stand to be corrected.

Mr. GOLDING: You remember that you were going to make a motion about it; that has been done.

Mr. PROBE: That was some weeks ago.

Mr. GOLDING: Yes.

Mr. PROBE: I am glad it was done, and I would like to have a report from the steering committee as to what they have done about it.

Mr. MARQUIS: As to the educational purposes; I think the whole auxiliary services are interested from the educational point of view.

Mr. PROBE: That is right.

Mr. MARQUIS: And that they intend to distribute these books for the use of libraries, etc.

Mr. PROBE: That has not been brought out this morning.

Mr. MARQUIS: As I understand the statement by the witness it was to the effect that the auxiliary services have the right to buy any of this surplus material they wish. I suppose they would have a preference, but that preference would be subject to the same price as would be open to any other purchaser. Mr. Chairman, I would like the witness to tell the committee whether or not these auxiliary services are entitled to buy these things at the same price as any other purchaser, subject to a preference to them. That is the way I understand it, that they would have to pay the same price but that they would have a preference.

The WITNESS: They have no preference over anybody else, that is the reason we have that in here with regard to War Assets.

Mr. MARQUIS: But you have a priority?

The WITNESS: No, I would not say so.

Mr. PROBE: How do they get in touch with prospective customers?

The WITNESS: That is something I cannot answer. Do not forget, gentlemen, it is only recently that this joint services committee has been formed. Rather than asking me to attempt to answer that question may I suggest that a sub-committee of this committee attend the next meeting of the joint services committee and let that committee as a whole answer this question. I have no doubt they can tell you the story much better than I could. I do not want to implicate this committee.

Mr. PROBE: Would we be entitled to do that, Mr. Chairman?

The CHAIRMAN: My only reply to that suggestion would be that we change it around and have the chairman, or the whole committee attend here.

The WITNESS: That would be a very good idea. It might be better to have the whole committee.

By Mr. Smith:

Q. I wonder if the witness could tell me something about the funds used by the organization. As I understood the witness he said that many of these things now becoming surplus were bought out of crown funds, that after 1942 the national organizations received grants—would he explain just what national organizations are?—A. The Canadian Legion, the Knights of Columbus, the Y.M.C.A., the Salvation Army, etc.

Q. Yes I know them; but did not we, the public, subscribe tremendous sums of money to those organizations?—A. When those organizations carried on the campaign for peacetime operation you may have contributed to them. Prior to 1942 they did campaign for war service work. I think the last drive they made was either in the fall of 1941 or early in 1942.

Q. And they raised large sums of money in that way?—A. They did, then. Which went towards the supplying of these various items?—A. That is right, sir.

Q. And to the extent the public did contribute—quite aside from the government grants—large sums of money from the public built up a special fund, as I remember it?—A. That is right.

Q. One almost dare not refuse a general request of that kind. I was wondering now if there was any distinction being made between equipment bought from funds subscribed by the public, not bought out of crown funds; I cannot see why the Receiver General should get any aid out of the disposal of things bought out of public contributions. I cannot follow that at all.

Mr. MURPHY: Why shouldn't it?

Mr. SMITH: He is getting quite a bit, but I don't want him to get it all.

Mr. MARQUIS: But you must support him.

Mr. SMITH: I am not in a position to support him.

The CHAIRMAN: Order, gentlemen.

The WITNESS: I find, sir, that there is distinction between the funds raised by the public prior to the Department of War Services taking over.

Mr. MARQUIS: They are kept separate?

The WITNESS: They are. I think as far as the disposal of national organizations equipment is concerned you would be very wise to call in the chairman of the joint services committee.

The CHAIRMAN: Who is the chairman of that?

The WITNESS: Mr. Purvis Wood is the secretary, he is the man you would want; also it is suggested that you call Colonel Cathcart, the acting chairman.

By Mr. Murphy:

Q. Will he be able to answer as to what would happen with surplus?—A. He should be able to answer any question you care to ask him.

Q. You are not prepared to answer that question?—A. I am not prepared to answer that.

Q. He will be able to say whether War Assets get that surplus or not?—A. He should be able to, sir.

By Mr. McGregor:

Q. Do I understand that after a certain date instead of this money being collected from the public it was paid for by the government?—A. That is right, sir.

Q. What was the amount?—A. I would not have the amount.

Q. Would the gentlemen we are talking about calling know the amounts?—A. He should have those figures, sir.

Mr. SHAW: I wonder if this joint services committee has established a clear-cut separate policy of disposal.

The WITNESS: The secretary of the joint services committee was also, if I am not mistaken, secretary or assistant secretary of the Department of National War Services which controlled the expenditures. He has only just taken over as secretary of this committee. I really feel that he is the man you should have here to deal with a question like that.

The CHAIRMAN: Just a little background. You will recall that there was a department set up for this particular purpose and covering activities of this kind, and if I remember rightly it ceased to function within the last two or three months.

Mr. SMITH: They will have replies to deal with this when we get them here?

The CHAIRMAN: Yes.

Mr. MURPHY: The witness will also be able to show the amount, such as Mr. Smith pointed out, collected by the separate organizations prior to the government taking over.

The WITNESS: The organizations were not controlled by the Department of War Services at that time. I would not know the answer to that, sir. I would imagine it could be obtained from them.

Mr. PROBE: They are all incorporated.

Mr. MARQUIS: Mr. Chairman, are we entitled to find out what sums of money they had before their source of income was limited to grants from the crown?

The WITNESS: The organizations could give you that.

Mr. MARQUIS: I would suggest that that is their own personal business, and inasmuch as government funds are not concerned I do not know why we should investigate into their own funds. It would be the same as though we were trying to find out the amount of money Mr. Probe here has, or any other member of the committee. All the money they used was money secured by public contribution in the form of charity, gifts. No doubt every member of the committee has contributed to the funds of those organizations at different times. I suggest that we have no authority whatever to inquire into their funds prior to 1942. They alone are responsible for that.

Mr. SMITH: And that is my point. What I want to know is is the money that I helped to put up for use on behalf of the men in the services now going back to the crown, through the Receiver General. I am certainly concerned about that.

Mr. MURPHY: Your point is that only public funds should go back to the Receiver General.

Mr. SMITH: Exactly.

The WITNESS: I do not think it is, sir; and I think that you may rest assured that anything that was purchased at that time was well used, well appreciated and well worn out.

Mr. SMITH: Motion projectors, for instance, would not be worn out.

The WITNESS: No, there are a lot of motion picture projectors on hand. We have twenty-four. I would be glad to turn over some of them tomorrow to someone who needed them and would take responsibility for them.

Mr. PROBE: I am very glad to hear that last remark, Mr. Chairman.

The CHAIRMAN: Proceed, please.

The WITNESS: The third type of equipment, gentlemen, is that known as canteen purchases. The equipment and amenities purchased through canteen funds were entirely the responsibility of the canteen concerned. It was suggested at the cessation of hostilities that the canteens give serious consideration to turning some of this equipment over to the navy for re-issue. At that time it was thought we would have a number of ships going to the Pacific and we would have use for every bit of equipment the canteens had purchased. But they didn't do it, and disposed of it in their own way. They raffled it, sold it, gave it away; and in a great many cases gave it to a very good cause; for instance, I have in mind the case of a projection machine which was given to a hospital in Dartmouth. They put it to good use. Nothing was turned in to us. In reading over the minutes of proceedings of this committee I came across an item where somebody had referred to a motion picture projector that had disappeared. I suppose they heard that someone had one in his home. I would like to point out that it is quite natural and quite possible that a number of service personnel would have such items as projectors and washing machines,

that are rightfully theirs, which have been purchased or won by raffle. There were quite a number of ships that handled their canteen equipment in this way. We had absolutely nothing whatever to do with the disposal of such equipment. The funds from the sale of this equipment were spent in different ways. On most ships they disposed of everything and put the proceeds into the canteen fund, then threw one whale of a party before they finally left the ship. I have no further information on canteen equipment than that.

By Mr. Murphy:

Q. May I ask the witness this, Mr. Chairman: Is there any way of determining whether, let us say a washing machine, had been purchased out of canteen funds, or from government funds or from donating bodies?—A. You mean from government funds, or from canteen funds, sir?

Q. You spoke of someone having possession of a motion picture projector or a washing machine; you used that as an illustration. The point I am interested in is this: how are we going to be sure that this particular washing machine came from canteen funds and not from donating bodies or government funds?—A. That is very hard. For instance, we have had a number of arguments when it came to destoring. I might give you a specific case; it happens to be a motion picture projector. I handled the correspondence regarding the purchase of the projector. The town had sent the ship a cheque eight months before the time of purchase for the purpose of obtaining a projector, and for convenience it was deposited to the credit of their canteen account. The ship had changed its canteen officer and the new man was a stranger and did not know what had gone on before. They finally were able to get the projector, and bought it. When they were destoring we had quite a little battle before the thing was finally settled. The ship's officer said it was purchased out of canteen funds—and, to a certain extent he was right, because the cheque had been deposited in the canteen account—but on going through the ship's file we were able to prove our point, and finally convinced him that they had received a cheque for so many hundred dollars from this town; so the matter was finally satisfactorily adjusted. There are many cases like that and it is sometimes very hard to determine.

Q. Well, then, how about these raffles, would they be limited to those on the ship?—A. To the crew.

Q. To service personnel?—A. Among the crew, they were generally raffled on board.

Q. Have you any idea of the amount that might be involved in a disposition of that kind, I mean what would they cost as canteen fund equipment?—A. I have no idea. I could not answer that.

Q. But it might include a million dollars worth of donated equipment?—A. No. I would not say that. We had to depend pretty much on the honesty of the commanding officer of the ship. When it came to the landing of gear we had no record of what had gone on board. Principally we would get information from operations that a certain ship was going to destore at a certain time and place. We would then get in touch with that ship and order an inventory of non-consumable goods, which were either supplied or donated by national organizations.

Q. So all you can do now is really to admit that some of these goods that were disposed of might have been goods that were not purchased from canteen funds.—A. Well, sir, I would be inclined to say that the majority of the goods that were sold on board had been canteen equipment.

The CHAIRMAN: That is not unusual, it is regular practice.

The WITNESS: It is a general procedure. The canteens did purchase in some cases a great deal more than the sponsoring bodies supplied.

Mr. MURPHY: Yes, but what I was getting at, Mr. Chairman, is this, that nobody was really particularly interested as to the source of the equipment, whether it had been donated, whether it had been purchased out of crown funds or out of canteen funds.

The WITNESS: We did come across the odd case like that, but, in view of the nature of the shipments, and the fact that they were addressed to the ship, we had no way of determining—we might have a case weighing four hundred pounds addressed to a ship and not have any idea at all of what was in it.

Mr. SMITH: I have a question I want to ask about sales tax; as to the goods handled in your canteen on a particular ship, did they have to pay sales tax?

The WITNESS: No, not on a particular ship, I don't believe.

Mr. SMITH: But they did on shore, didn't they?

The WITNESS: I could not answer that, sir.

The CHAIRMAN: If I may dare to answer that, Mr. Smith; I think they were billed in the first place, plus sales tax, but they had the privilege of making application for a refund of that amount.

Mr. MURPHY: Would that apply to the excise tax too?

Mr. SHAW: I would like to point out in connection with the excise tax that I had two packages of cigarettes sent back from overseas. They had been supplied by the auxiliary services and the excise stamp was on each package of cigarettes. The boys overseas were rather incensed about it. I mentioned the fact in the House but no reply was made about it. I thought it was proper to bring it up there. I do know that these cigarettes were supplied by the Red Cross, the imprint of the organization was on each cigarette, and on each of the packages when it reached me the excise stamp was still there.

The CHAIRMAN: That concludes your evidence?

The WITNESS: Yes.

Mr. MARQUIS: Mr. Chairman, I would like to follow this matter of the excise stamp a little further. As I understand it, the fact that every stamp is put on by the manufacturer does not mean that they have to pay the tax. You might find that the tax was not paid even though the stamp was there.

Mr. SHAW: If the stamp were put on by the manufacturer, somebody had to pay for it. I do not see why the stamp was put on unless it had been paid for.

Mr. MARQUIS: I think there is a form of some nature which they use to make application for a refund with respect to sales of that kind.

Mr. SMITH: Well, I noticed that did not apply to the air force, because I know what happened there. One time they did not collect and they were ordered to collect.

The CHAIRMAN: Yesterday, I promised I would file within twenty-four hours copies of the statement of expenditures made in connection with the repair and reconditioning of yachts used as auxiliary naval vessels. I would now ask the clerk to pass these around to you so as to fulfill that promise.

I propose, with your approval, to call the witness of the Royal Canadian Air Force for Tuesday's meeting and carry along this same type of examination.

Mr. MCGREGOR: Is this statement going to be printed in the record, Mr. Chairman?

The CHAIRMAN: Yes, it is in yesterday's proceedings.

Gentlemen, we will adjourn until Tuesday next at 11.00 o'clock.

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Canada War Expenditures - 1946

(SESSION 1946
HOUSE OF COMMONS)

DEPARTMENT OF
ECONOMICS
UNIVERSITY OF TORONTO

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(SPECIAL COMMITTEE

ON

WAR EXPENDITURES AND ECONOMIES)

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 16

TUESDAY, MAY 28, 1946

WITNESSES:

Wing Commander N. M. Gilchrist, Head of Special Service Branch
R.C.A.F.;

Mr. W. Purvis Wood, Secretary and Liaison Officer, Joint Services
Advisory Committee on Welfare;

Mr. George Pifher, Director of Voluntary and Auxiliary Services, Dept.
of National War Services.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1946



MINUTES OF PROCEEDINGS

TUESDAY, May 28, 1946.

The Special Committee on War Expenditures and Economies met at 11.00 a.m., the Chairman, Mr. Isnor, presiding.

Members present: Messrs. Black (*Cumberland*), Bradette, Cote (*Verdun*), Golding, Homuth, Isnor, Jackman, Lalonde, Marier, Marquis, Murphy, McCullough (*Assiniboia*), McGregor, McLraith, McLure, Michaud, Probe, Shaw, Smith (*Calgary W.*), Stewart (*Winnipeg N.*), Winkler.

In attendance: Wing Commander N. M. Gilchrist, Head of Special Service Branch, R.C.A.F., and Wing Commander L. J. Birchall, O.B.E., D.F.C., Dept. of Personnel, R.C.A.F.; Mr. W. Purvis Wood, Secretary and Liaison Officer, Joint Services Advisory Committee on Welfare; Mr. George Pifher, Director of Voluntary and Auxiliary Services, Dept. of National War Services; Lieut-Col. I. H. Deyman, M.G.O. Branch, N.D.H.Q.; Lt. Commander A. H. Rollit, Deputy Director of Special Services (Navy); Mr. H. R. Low and Mr. J. S. Irvin, Assistants to the President of War Assets Corporation.

The Chairman presented the Fifth Report of the Steering Committee as appears in this day's minutes of evidence.

On motion of Mr. Cote the said report was adopted.

The Clerk read a communication from Group Captain Victor S. J. Millard submitting a list of equipment declared surplus to War Assets Corporation by the R.C.A.F., as requested by Messrs. Shaw and Golding.

Wing Commander Gilchrist was called, questioned and retired.

Mr. W. Purvis Wood was called, questioned and retired.

Mr. George Pifher was called, questioned and retired.

At 12.45 p.m., the Committee adjourned until Thursday, May 30, at 11.00 a.m.

R. ARSENAULT
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS, May 28, 1946.

The Special Committee on War Expenditures and Economics met this day at 11 o'clock a.m. The Chairman, Mr. Gordon B. Isnor, presided.

The CHAIRMAN: The first item of business is the report from the steering committee of the meeting held last Friday. The clerk will read it.

The CLERK: Your steering committee met on Friday, May 24, and now begs leave to present its fifth report. The following matters were considered by your committee and dealt with as indicated in each case, viz:—

1. A request from Mr. Stewart for a copy of a War Assets Corporation invoice addressed to Dominion Textile Company Ltd., and information regarding the sale of cottons in bulk to the said company by War Assets Corporation. This request we referred to Mr. McIlraith for a reply.

2. A request from Mr. Murphy relating to the Metal Control Board and to the disposal by War Assets Corporation of metals transferred to them. This request was referred to Mr. McIlraith for a reply.

3. A request from Mr. Murphy relating to land and buildings purchased and sold by government departments and War Assets Corporation. Your steering committee recommends that this request be held in abeyance until the committee has heard the evidence on real estate which is to be presented by representatives of War Assets Corporation.

4. A communication to the chairman from Colonel W. G. Denney, under date of May 23, stating that army business would necessitate his departure from Ottawa on May 31, for a period of approximately three weeks, and requesting that he be recalled before that date, if the committee still require his appearance.

It is understood that Colonel Denney has further material to file in answer to questions asked in the course of his examination, and it is proposed to ascertain that answers to all questions asked of Colonel Denney are filed or in the process of preparation before his departure.

5. A letter to the chairman from Mr. H. O. McInerney, of Riverbend, Que., under date of May 21, with respect to the demolishing of aircraft engines, and to Mr. H. F. Gordon's evidence in relation thereto.

It was ordered that the said communication be acknowledged and filed.

6. Your steering committee has also given consideration to procedure in relation to the main committee's present inquiry, and recommends that Mr. Berry be recalled on Thursday, May 30, to present his brief on real estate and buildings. It is suggested that Mr. G. H. S. Dinsmore, Director of Lands and Buildings Department, be also in attendance.

All of which is respectfully submitted.

GORDON B. ISNOR,
Chairman.

The CHAIRMAN: Gentlemen, you have heard the reading of the steering committee meeting of last Friday. What is your pleasure? A motion to approve is in order.

Mr. COTE: I so move, Mr. Chairman.

Mr. McCULLOUGH: I second that.

The CHAIRMAN: Moved by Mr. Coté, seconded by Mr. McCullough that the report as read be approved. All in favour say aye.

Carried.

The clerk has a communication from Group Captain Millard which I will ask him to read. and then distribute copies of the document with the letter to the members.

The CLERK:

UPLANDS, ONTARIO, 27th, May, 1946.

Mr. ARSENAULT, Clerk of the
War Expenditures and Economies Committee,
Room 433,
House of Commons,
Ottawa, Ontario.

DEAR SIR: Thirty copies of a statement are attached hereto in reply to a question addressed to G/C V. S. J. Millard by Mr. Shaw and Mr. Golding at the meeting, May 23, 1946, of the Special Committee on War Expenditures and Economies.

Yours truly

(V. S. J. MILLARD) G/C

Witness

Supply Staff Officer R.C.A.F. Maintenance Command,
Uplands, Ontario.

The CHAIRMAN: There are copies for all the members.

Question.—Mr. Shaw asked may we be provided with a statement of total declarations showing the cost to the R.C.A.F. up to Sept. 1, 1945.

Mr. Golding asked that they be provided with a statement showing the same details up to Feb. 23, 1945.

Answer.—List of equipment declared surplus to War Assets by the R.C.A.F.

	To 23 Feb. 1945	To 1 Sept., 1945
Aeroplanes c/w engines	\$ 55,721,102.00	\$163,997,523.00
Aero engines	18,146,097.00	27,555,740.00
Mechanical transport	16,276.00	148,002.00
Marine craft	35,216.00	335,874.00
Aerodrome maintenance	76,186.00	286,487.00
M.T., M.C. and aerodrome maintenance spares and components	50,032.00	203,761.00
Link trainers .....	.....	144,544.00
Airframe spares	18,175,454.00	25,472,335.00
Engine spares	1,542,064.00	13,360,963.00
Accessories	406,400.00	1,201,467.00
Propellers, radiators and spares, aero- plane wheels, dinghies, covers, a/c hardware, aircraft components.....	1,194,317.00	6,493,919.00
Radio equipment and spares	196,994.00	1,154,220.00
Clothing	573,510.00	1,715,054.00
Gun turrets .....	.....	2,211.00
Tools	8,576.00	74,643.00
Machinery (workshop)	104,490.00	149,278.00
Ground handling equipment	118,534.00	700,013.00
General electrical	47,024.00	107,994.00
Instruments	64,520.00	773,382.00
Pyrotechnics	208,255.00	294,988.00
Photographic .....	.....	41,363.00
Fire fighting	111,611.00	146,604.00
General hardware	8,234.00	24,468.00
Metals	146,089.00	184,702.00
Wood (to spec.)	59,305.00	73,395.00
Fabric, rubber	34,193.00	35,193.00
Paints and dopes	70,797.00	238,887.00
Gasoline and oils	6,742.00	13,674.00
Containers and cases (to specification) ..	.....	.....
Construction engineering	29,964.00	168,826.00
Landlines	167.00	2,740.00
Barrack stores	301,305.00	556,612.00
Hospital equipment and medical supplies ..	38,930.00	40,193.00
Emergency	3,955,205.00	4,449,266.00
Total	\$101,447,589.00	\$250,148,321.00
Total number of declarations.....	544	1,498

The CHAIRMAN: Gentlemen, at our last meeting we had as a witness Lieutenant Commander A. H. Rollet who dealt with donations made by the public and organizations, particularly relating to the naval service. Today we have as our witness Wing Commander Gilchrist, who will deal with the same question from the standpoint of the Royal Canadian Air Force.

Mr. SMITH: Excuse me; before you proceed with that I have a suggestion. We have filed with us on page 298 a memorandum with respect to the Industrial Shipping Company Limited of Mahone Bay, N.S. I do not know how to go about it, but I would suggest to the steering committee that they consider that. It is obviously a matter on which witnesses should be called, and at some time convenient to them I think we should go into it. That has to do with the purchase of ships and sales by War Assets Corporation.

The CHAIRMAN: If I remember rightly that question was placed before the steering committee by Mr. Black. A partial answer was made to him as recorded, and there is still a further statement to be presented.

Mr. SMITH: It is obviously something on which we should examine witnesses.

The CHAIRMAN: I am quite sure that if the committee wishes to pursue it further the steering committee will be pleased to call the necessary witnesses.

Mr. BLACK: May I ask the chairman what witnesses should be called in order to get the information applicable to that?

The CHAIRMAN: No doubt you have given it more thought than I have and it would appear to me that if, after having read the evidence you feel that a witness or witnesses should be called to question them in regard to any of the activities of that particular company, you would be within your rights in requesting that such a witness or witnesses be called. I think the request should come from you.

Mr. BLACK: Perhaps we could first have supplementary information as to when the orders for these ships were first placed, the cost, and the purpose, and when deliveries were made. I should like to have that information before we call representatives of the firm which constructed the boats.

The CHAIRMAN: Was that included in your previous question?

Mr. BLACK: I am not sure whether it was included or not. It is information we should have.

The CHAIRMAN: I think we will have that information completed and filed in the very near future. There is a small balance. I would suggest that you then look it over, and if there is additional information required you could then follow the same procedure, that is, put your question in the form of a written request to the steering committee.

Mr. MCGREGOR: Did I understand you to say you were waiting for further information on this question?

The CHAIRMAN: I think there is another portion of that.

Mr. MCGREGOR: What is the further information that you are getting? Probably by that time we would have some idea from that as to what we are not getting.

Mr. McILRAITH: What question is it?

The CHAIRMAN: It is Mr. Black's question as to Mahone Bay.

Mr. McILRAITH: That is one of the questions which illustrates another of the difficulties that the committee has got into by going into shipping in the midst of another subject, and before there is a chance to bring the shipping people forward. The question was answered under date of May 13, but if there is any specific supplementary information that Mr. Black wants, I think we can probably get it fairly quickly for him. We will try to get it for him if he will indicate what information he wants.

Mr. McGREGOR: The chairman made a statement a few moments ago that there was a further statement to be made, as I understood him, on this particular item. What I want to know is what he has in mind as far as that statement is concerned so that we will know what to ask for to get a complete statement.

Mr. McILRAITH: Just before you do that I should like to draw your attention to the fact there are five specific questions and specific answers. It is merely a matter of whether the hon. member asking the questions wants to put further questions or not. If he will give us some indication as far as I am concerned we will be very glad to get the information for him if we can, but as the question stands I do not think there is anything further I can see that is required.

Mr. McGREGOR: Maybe I am a little dumb, but the chairman made a statement a moment or two ago that there was a further statement to be made on this question. I want to know what the further statement is.

The CHAIRMAN: Gentlemen, I think that perhaps the chairman, like the hon. member of the committee, is sometimes mistaken. He finds that this time he apparently is mistaken. I was under the impression from what Mr. McIlraith told the steering committee at our meeting on Friday that there would be additional information. Now I take it from the statement just made by Mr. McIlraith that if there is further information required he will be prepared to supply that if the question is properly presented.

Mr. McILRAITH: I will supply it even if it is not properly presented.

Mr. BLACK: If that is your decision I will ask that it remain over until the next meeting and I will look over the questions and answers and submit further questions. I think we will require some representative of the company which built these ships to come before us.

The CHAIRMAN: Now we will proceed with the witness.

Wing Commander N. M. Gilchrist, Special Service Branch, Royal Canadian Air Force, called.

The WITNESS: Mr. Chairman and gentlemen: In order to save the time of the members of this committee it might be advisable to outline briefly the purview of the special service branch in the R.C.A.F. in so far as the subject of equipment for welfare, sports and amenities is concerned. I might add right here that the responsibility of the headquarters branch is mainly on matters of policy and the administration of policy. The implementation and handling of the actual physical supplies is the responsibility of the Air Officers Commanding and unit commanders in the field. The equipment supplied to the R.C.A.F. might be categorized under two headings, (a) that which is carried on non-public funds inventories, and (b) that which is supplied by the National War Organizations.

With regard to (a) non-public funds, many public-spirited citizens and organizations throughout the country made direct gifts or donations of supplies and equipment to individual units. Such items were listed on a non-public funds inventory which was maintained by each unit. If gifts of money were received by these units they were placed in a special non-public funds account and expended at the discretion of the commanding officer for items which were deemed to be necessary for the continuing welfare of the men under his command. These accounts were further maintained by moneys realized from station sports funds, canteen funds and projects of that nature which were operated within each unit.

Although the operation and administration of non-public funds inventory accounts did not come within the jurisdiction of the special services branch, when units were closed the special services branch frequently requested the

transfer of certain items of equipment in the non-public funds inventories from the closing units to other units where they could be used to the best advantage. Where unusable surpluses of non-public funds equipment existed, they were sold by auction and the proceeds were placed back in the non-public funds account. It is from the non-public funds accounts that the R.C.A.F. benevolent fund draws considerable revenue. It is a matter of policy that station non-public funds be kept to a minimum for working operations, the surplus being turned over to the benevolent fund.

With regard to equipment supplied by the national war organizations; prior to 1942 those organizations were dependent upon public subscription to secure the necessary supplies. Early in 1942 by order in council this privilege was taken away from the National War Organizations and they were supplied with money from the treasury through the Department of National War Services by means of accountable grants which were authorized on the basis of budgets, approved by a special advisory budget board. The Armed Services recommended the purchase of the items required. All merchandise procured by these organizations was kept on the organization's inventory and was transferable from one unit to another as the necessity arose.

At the beginning of 1946 it was decided that the Department of National War Services would be discontinued as of the 31st of March, and budgeting responsibilities of the Department of National War Services were transferred to the Department of National Defence. At this time all R.C.A.F. units in Canada were instructed to take over all necessary equipment required for continuing operations in Canada from the National War Organizations against receipts. These receipts were the accounting vouchers for the equipment so turned over. Any remaining equipment over and above these requirements remained in the hands of the organizations for disposal. The method of disposal of this surplus equipment is subject to instructions as set forth in the appropriate orders in council.

Any of the equipment taken over by the R.C.A.F. from the National War Organizations against receipt which may at a later date become surplus to requirements can only be disposed of through War Assets Corporation as all these items were placed on Crown inventory as soon as they were accepted from the organizations.

By Mr. McCullough:

Q. I should like to ask at what points and how much has been sold by auction as referred to in the first part of your statement?—A. These auction sales were conducted in the commands, and we would have to go to the commands to get that information. If there is any specific information you want we would be glad to send out and get it.

Q. You have no idea in round figures as to the amount?—A. No, I have not. We would have to procure that from the individual commands.

By Mr. Probe:

Q. In declaring your amenities type of equipment surplus was it listed separately from the usual service equipment, fighting gear, and so on?—A. Do you mean the equipment which was put on Crown inventory?

Q. That is right, yes—A. Yes, it would be listed separately from the usual equipment like airplane parts, machinery and that sort of thing.

Q. If the witness would refer to the statement that was handed around dated May 28th does the list that is before us now contain the materials which were declared surplus to War Assets?—A. So far as we know none of the Crown inventory equipment has been declared surplus because we just took this over as of the 31st of March from the National War Organizations. Any surplus equipment which was disposed of, which had been purchased by the organizations was sold by them, and we have no control over such disposal.

Mr. GOLDING: This is the statement you are referring to?

Mr. PROBE: This represents the surplus declared to War Assets by the air force.

Mr. GOLDING: Yes, but it is not—

Mr. PROBE: It does not come under his department. That is what I want to get clear.

The WITNESS: They are not on here.

By Mr. Probe:

Q. Have you then a list of the amenities type of material which is surplus to your requirements?—A. We have no surplus at present. We are not declaring any surplus. At a later date when the post-war force becomes more crystalized it is possible we will find there are some items surplus, but at the present moment we are not disposing of any supplies for amenities. We only took over sufficient to fill our needs at the present time from the National War Organizations. These items are entered on Crown inventories.

Q. It is your considered opinion that what you now hold corresponds approximately to your requirements?—A. Yes.

By Mr. McCullough:

Q. Did I understand the witness to say that a considerable amount has been realized from these auction sales?—A. No, I said that considerable sums have been contributed to the benevolent fund from non-public funds accounts across the country. If you will remember I said in my statement that in these accounts are moneys which are realized from canteen funds, sports funds and other activities as well as proceeds from the sale of any surplus non-public funds equipment. I cannot give you the figure you asked for at the present moment. We would have to get it.

Mr. PROBE: I would rather imagine that what Mr. McCullough is asking about just now really is beyond the scope of our inquiry. It would be of interest, but I do not think we have any right to go to this particular group of assets of the R.C.A.F. or other services because it is non-public funds. It is non-public funds that have provided the amenities, and their disposal would be a matter of arrangement with the donors, if at all. If you had to go to any one to get permission to dispose of them you would not go to the original donors, or would you? Was there a string attached to these gifts?

The WITNESS: In some cases where organizations made fairly substantial gifts the organizations were consulted. For instance, the I.O.D.E. made a substantial gift of books, and when it was felt we had a surplus of books they were offered back to the organization. It could not be done in all cases, because you have individuals who have perhaps given four or five volumes or a set of Charles Dickens or something like that. You cannot go around the country and offer back individual volumes, but wherever it was feasible, usually the donors were consulted. After all, it is in the interest of the Air Force to maintain that good will, and every step would be taken to preserve it.

Mr. PROBE: Actually it was my request that we have witnesses representing the auxiliary services feature of service life before the committee, but it seems to me we are getting the wrong witnesses to find out just what disposal is contemplated or has been already culminated with respect to the amenities phase of the services. What I was interested in was the potential educational allotments coming out of the services. I do not think we can get it from the Navy, Air Force or Army witnesses in this case because we cannot bother with their canteen funds.

The CHAIRMAN: Mr. Probe, I think that the steering committee had that in mind, and we also have with us today Mr. Purvis Wood of the auxiliary services who will be a witness later on in the morning. Are there any further questions of the R.C.A.F. witness?

By Mr. Smith:

Q. I want to be sure that I understand it. As I understand it these non-public funds were invested in various things. You simply turn them back to the organization that gave them to you or to one of the service organizations for disposal, and the proceeds go into your benevolent fund. Is that the picture, putting it shortly?—A. That is not quite correct. Gifts which were accepted from organizations (other than the National War Organizations) and also from individuals, were considered to be straight gifts to a unit, and they were all put on non-public funds inventory, or in the case of cash gifts they were put into non-public funds accounts over which our branch at headquarters did not have any control because they were outside the purview of our branch in so far as they were not public funds. As a matter of policy when any of these goods were up for disposal they were simply sold and the proceeds were put into the non-public funds account. It was a matter of policy also to keep these funds down to a minimum, and when they got up larger than was required for working purposes the surplus was handed over to the benevolent fund, and that practice continues.

The major part of our equipment in this particular work was supplied by the National War Organizations and remained on their inventory until the 31st of March. After that time we requested them to hand over to us only what was required. The balance remained on their inventory. They had purchased these items out of accountable grants so they will have to be responsible for the disposal of them. If at a later date, any of that part of the equipment which was transferred to the R.C.A.F. by them and which we considered necessary for the continuing operation of the air force, should by any chance become surplus, it will be disposed of through War Assets Corporation as it is Crown property. The R.C.A.F. gave receipts to the organizations for it.

Q. Let us take a specific case. I am not being critical at all. Take the service training school at Meleod, Alberta. Let us assume that the Lethbridge Brewery furnished the mess. That was done in various places. It is pretty well worn out by now, but that would not be under headquarters at all. That was a gift to that individual school. Am I right?—A. That is correct.

Q. And then I suppose they dispose of that by auction or something of that kind?—A. Yes, sir.

Q. And the proceeds would then go into this benevolent fund? It would ultimately reach there?—A. Yes.

Q. I think that is what the committee is interested in. We want it to go into your benevolent fund. We do not want it going to the Receiver General. We want you to keep it in your benevolent fund.—A. Right, sir.

The CHAIRMAN: Thank you very much, Wing Commander Gilchrist.

Mr. W. Purvis Wood, Secretary and Liaison Officer, Joint Services Advisory Committee on Welfare, called:

The CHAIRMAN: Before we proceed with the witness; Mr. Smith, that clears up the questions you raised at the last meeting, does it not, so far as donations direct to auxiliary services are concerned?

Mr. SMITH: Yes. I am anxious merely to know that these funds are going to the services, and that we as citizens are not grabbing them off for our revenue. That is all I wanted to know.

The CHAIRMAN: Mr. Wood, would you be good enough to give your full title and indicate your connection with the Department of National War Services, Auxiliary Service Branch, and your present occupation?

The WITNESS: Mr. Chairman, William Purvis Wood. Since early in 1942 I have been associated with the Department of National War Services as assistant to the director of auxiliary services, George Pifher, who also was secretary of the National War Services Funds Advisory Board. On April 1 of this year I was requested to go over to the Department of National Defence (army) to act as secretary and liaison officer for the Joint Services Advisory Committee on Welfare, which was set up at that time.

Mr. Chairman, I really did not come to make a prepared statement, but I think perhaps if I were to outline the history and background of the organization it might be helpful.

The National Organizations financed their required services, duly authorized by Defence Departments, navy, army, and air, from two sources. From initiation of services to December 31, 1941, necessary funds were derived from public subscriptions after which date funds were provided from public treasury. This change in policy was imposed by the government in order that interferences by public appeals for money with necessary government financing programme would thus be avoided.

Consequently the Department of National War Services raised estimates and made advances to the organizations on the imprest basis to meet their necessary expenditures on duly approved projects. The Minister of National War Services issued instructions and regulations governing the expenditures and accounting procedures, and auditors were duly appointed with the concurrence of the Comptroller of the Treasury and the Auditor General.

Two main classifications of expenditures were involved, namely: capital, covering purchase of properties and new construction; and, operating in which personnel and programme supplies were required.

The properties thus acquired are in two general classes, those from public subscriptions and those from public treasury. Title for the first named is held in the name of the organizations, and in the second case usually in the name of the crown.

Programme supplies, composed mainly of furnishings and equipment, sports and entertainment equipment, and film projectors are largely expendable, and the realizable value on termination of services will be relatively small. Transfer of administrative functions from the Department of National War Services to the Department of National Defence (Army) was made as of April 1, 1946.

Since that time we have had various conferences resulting in the decision which has already been placed before you by Lieutenant-Commander Rollit, of the navy. Would you care to have that read again, sir?

The CHAIRMAN: Is it already on the record?

The WITNESS: It is already on the record.

The CHAIRMAN: I do not think it is necessary for you to read it.

The WITNESS: I think that is all I have to say, sir.

The CHAIRMAN: Have you any questions, gentlemen?

By Mr. Probe:

Q. Mr. Chairman, I would like to ask the witness how the capital expenditure purchases and the operating expenditure purchases are going to be closed out. That is the important thing from here on with respect to this committee. You have expended considerable sums of money for these various activities, and I think possibly it would be relevant if the amount which was involved in general the amount received from the Department of National War Services or from the treasury on account of these expenditures, should be included in

the report of this committee; and then a breakdown as to what type of assets are still in the hands of the various services, expendables included, because I rather feel that these expendables should be accounted for even though they may be in a pretty bad state of wear; the witness suggested that certain amounts of it were still usable and certain amounts not usable—I beg very reverently to disagree with that statement—even though many of them are worn out they are definite assets, and I would like to know what is going to happen in connection with those.—A. With reference to real properties and the buildings throughout it has been agreed that all the property or buildings required by the armed forces would be turned over to them, that is for their postwar programme; they would be turned over to them and the balance would be disposed of by the organization, if held in the name of the organization; or, to be disposed of by War Assets Corporation if held in the name of the crown.

By Mr. Lalonde:

Q. When they are turned over would they be sold; and, if so, at what rate?

—A. At a nominal rate; it is \$1.00 per building or other valuable consideration. These buildings, generally speaking, are in barrack areas.

Q. For the use of the army or in the air force?—A. That is right, so far as buildings are concerned.

By Mr. Probe:

Q. And the various auxiliary services are retaining title to these buildings which were sold to them at a nominal figure, a dollar a piece?—A. The Department of National Defence is taking them over on their books at a nominal sum, the organizations are transferring them.

Q. In all cases?—A. In all cases, where required.

Q. That is there are no buildings outside the compounds, or outside of the training areas that would be involved in the statement you have just made?—A. Oh, yes, there are town recreation centres, and hostels in urban communities.

Q. Would you discuss that a little further?—A. Yes. The same policy applies in respect to the disposal of these buildings. Title is held in the name of the organization. The organization secures offers for the buildings and presents them to the joint services advisory committee for recommendation to the department before disposal is agreed on.

Q. And what disposition is made from the funds realized through disposal?—A. That is put in a special fund and at the termination of activities the Department of National Defence will direct its disposal. While this has not been determined in detail the plan of disposal of funds is briefly this: that a portion shall be turned over to the canteen trust fund which may be applicable to the amounts received from public donations, and the balance will be turned over to the Receiver General to reduce the total cost of operation.

By Mr. Black:

Q. What about this information requested by Mr. Probe to the total amount of public funds and the total amount received from government funds through National War Services?—A. Roughly, the receipts from donations amount to \$8,000,000. I can, of course, only give you approximate figures because the particulars are not known to me in detail.

Q. I think we should have this accurately.—A. Out of a total of \$54,000,000, so that there would be \$46,000,000 from the public treasury.

Q. How much money has been realized from the disposal of assets?—A. That information at the moment is not available because the disposal of assets has been held up to a very great extent pending the decision of this committee which was reached only recently, on May 20th.

Q. Some of these assets have been disposed of; how much has been realized from the assets which have been disposed of up until now?—A. That, sir, I cannot tell you, because the organizations have all the records on that.

Q. What organizations?—A. The National War Service Organizations; the Canadian Legion, the Knights of Columbus, the Navy League, the Salvation Army, the Y.M.C.A. and the Y.W.C.A.

Mr. BLACK: Mr. Chairman, I think this is the main information this committee wants. We cannot investigate clearly into this until we have this information Mr. Probe asked for. The witness does not know, or is dodging the answers we are entitled to have. I think the witness should furnish us with that information, of the accurate amount of money that went into these buildings, that went into these organizations' hands from the public and from the government; what has been disposed of; what has been realized; the value of the properties still held; otherwise, we are just wasting our time in having the witness before us.

The CHAIRMAN: I was beginning to think the witness was doing exceptionally well.

Some hon. MEMBERS: Hear, hear.

The CHAIRMAN: I followed the questions fairly closely. There was only one answer which was not immediately forthcoming. He told you there was a total of \$54,000,000, \$46,000,000 of which was from public funds and \$8,000,000 from private donations.

Mr. BLACK: What amount was realized from the goods that have been disposed of?

The CHAIRMAN: As to the \$8,000,000 I take it that he is not in a position to answer the question as to the disposals, because that was handled separately by the various organizations which have been set up and have been carrying on prior to March, 1942. I think that he has covered it.

By Mr. Probe:

Q. I think it will be quite in order if we get presented as best the witness is able to do from his records at the next meeting—he can send the information to us, it may not be necessary to have him come back—but I would like these figures very much, and I think other members of the committee would also. Then, further, I want a fairly accurate analysis of the expendable section of their appropriations too. I realize much of this has been worn out, but those of us who are interested in the possibilities of educational institutions of this country sharing in surplus war assets hope that some surplus expendables, which may be in a bad state of repair and which the auxiliary services would no longer require, may be turned over to War Assets with a special instruction that they go to the educational branch of the War Assets Corporation for passing out to schools. That was the purpose of my asking for you to be here.—A. Yes, Mr. Chairman. May I say a word in reference to that type of equipment. It was agreed that such equipment now held by organizations in the United Kingdom as is required by the armed forces in connection with their post-war program will be transferred to C.M.H.Q. for return to Canada, and that equipment which is required will be placed in Ordnance stores. Instructions have been issued that all sports equipment and film projectors in whatever condition it may be, be placed in Ordnance. In respect to other equipment held in the United Kingdom, the services do not terminate until September 30, and it will be necessary to retain a great deal of that equipment until the termination of services, consequently the picture in respect to the disposal of assets is changing daily and it is quite impossible to give you a clear picture of the amounts involved; but the fact remains, that so far as disposals are concerned, the amount is turned over to the chief treasury officer in the United

Kingdom and held for deposit to the Receiver General of Canada. In so far as, to be specific, educational material is concerned, the Canadian Legion Educational Services were responsible entirely for that service, and the Department of Veterans Affairs as of April 1st, took over all the assets of the Canadian Legion Educational Services and are financing them from that date; consequently so far as this department—I am speaking now of the Department of National Defence—is concerned we have no further interest in the matter of the educational supplies. That is a matter for the Department of Veterans' Affairs and the Canadian Legion Educational Services.

Q. I think that is a very excellent statement. This is the first time we have been informed as a committee that the Department of Veterans' Affairs had a finger in that pie at all, and I believe you have made a very worthwhile disposal in that particular instance. But the material you sent over to Ordnance, I presume you mean Ordnance Army, or Ordnance all services?—A. Ordnance army has no material on this side, no material has been turned over, for it is agreed that when the requirements of the post-war army is decided which will be in the next day or so, the organizations will turn over all available stocks of materials irrespective of condition to Ordnance for eventual disposal and distribution.

Q. It is not your prerogative to indicate and to give a direction as to what should be done with excess material?—A. The department has authorized the organizations to dispose of the excess material, as in the case of furniture and equipment in hostels and in town recreation centres; but, generally speaking, in so far as camp huts are concerned the equipment is being held for our order.

Q. Do these organizations have any number of typewriters? The reason I asked that was because I took up with the Minister of Veterans Affairs the matter of equipping the hospital in Regina in which I was interested, the veterans pavilion there, with typewriters, for the use of the men who are more or less facing long periods of invalidism, but who are still well enough to be able to practise typing. It was found that it was almost impossible to obtain typewriters for that purpose. Some being donated by interested citizens. Are any typewriters included in the materials turned over to veterans affairs?—A. Yes, I should judge so, because the purchase of typewriters was authorized in their budget; but that is a matter which veterans affairs will have to determine for you.

Q. What about Legion books, for instance, books which the educational services held; are they also coming back now?—A. A quantity has already been returned, and more are coming, I understand.

By Mr. Shaw:

Q. There is just one matter which I should like to clear up. Did I understand the witness to say that his organization was actually engaged in the physical disposal of certain assets?—A. All buildings, all properties which are disposed of by the organization must first be presented to the Joint Services Advisory Committee for recommendation to the department.

Q. Beyond buildings, however; I believe you said a moment ago that you would actually dispose of certain surpluses such as furniture, which you mentioned, at some of the recreation centres; are you actually doing that, using your own machinery, doing that through your own organization?—A. We give the organizations authority to do it, but they must conduct their disposals on the terms indicated by the department.

Q. What I was trying to get clear was this; that they would not find it necessary essentially to go through War Assets Corporation in making these disposals?—A. That is correct, sir.

By Mr. McGregor:

Q. Who is the one to determine whether goods are to be turned over to War Assets or not?—A. The title of certain properties, and the title for furnishings is held in the name of the organizations.

Q. That is, the War Services?—A. That is the National War Services Organizations.

Q. This was mostly all government funds that the organizations had used, was it not?—A. That is correct, most of these funds were provided from the public treasury.

Q. Have you any statement as to how these funds were extended and what they were paid out for, and so on?—A. The organizations report annually on their financial statements, which are duly audited by auditors who are appointed by the department with the concurrence of the comptroller of the treasury and of the Auditor General.

Q. Well now, you are here before this committee for the purpose of giving evidence on anything that we may want to ask along the lines of the expenditure of money, I think. Could we have a statement of the different items on which this money, amounting to \$46,000,000, was spent, all the way down the line; is that possible?—A. We can, up to a point, sir.

Q. Up to what point?—A. Up to 1944.

Q. Why 1944?—A. Because the overseas audit for 1945 accounts have not been completed, and consequently the statements for the year 1945 are not yet in our hands.

Q. Have you not got a statement of what has been spent in Canada up to date?—A. Yes, sir.

Q. Right up to date?—A. To the end of 1945. We can get you an estimate of expenditures to March 31, 1946. The organizations report quarterly.

Q. Just what do you mean by estimates?—A. Because, you will readily understand sir, there may be a carry-over of expenditure from one month to the other at a period in the middle of or before the termination of a calendar year.

Q. You say you would have an over-expenditure in the middle somewhere?—A. No, no; there might be expenditures which are not recorded.

Q. All the expenditures would be recorded up to the 1st of May?—A. Yes.

Q. All right. Could we have a complete statement as to how this has been spent up to May of this year?—A. Well yes, it can be done. It will have to be secured from the organizations; but I am very doubtful if the audits are completed in Canada to the first of May.

Q. We are not worrying so much about the audits, because if we were worried about audits we would not have a statement from and departments because we might have to wait for it for two years or more; so we are not worried so much about audits, what we are worrying about is a fair statement of the final figures for the year. We take it that when it comes to you it is correct.—A. We hope so.

Q. What we want is a statement to date. We are not looking for an auditor's statement, because of the time that we might have to wait for it. We want a statement up to the first of May this year as to how this money has been spent.—A. May I ask in what detail, sir? Mr. Chairman, could we have an indication of that?

Q. Well, I suppose you have in your bookkeeping set-up probably thirty or forty items of how this money has been spent, have you?—A. No, sir.

Q. How many headings have you got it under?—A. One heading.

Q. One heading?—A. We give the organization an advance and when an advance is accounted for it is written off.

Q. All right. We will say, for instance, that you have a bill for say \$500 for auditing—not auditing, let us say for advertising.—A. There is no advertising.

Mr. PROBE: Entertainment.

By Mr. McGregor:

Q. Just what headings do you take in?—A. Administrative expenses.

Q. Have you any breakdown at all?—A. There are breakdowns in the organizations, but you can readily understand that the organizations keep within their authorizations, and very frequently their expenditures are much less than their authorization.

Q. If we get that we will be getting someplace. What we want to know is there was \$47,000,000 spent, and we want some kind of a statement showing how it was spent. It was all spent on entertainment, was it?—A. No.

Q. All right. We want to know some difference between nothing spent on advertising and one hundred per cent spent on entertainment. Now, that is what we want. Let us see if we can get some place on this \$47,000,000 which was spent.

The CHAIRMAN: It was \$46,000,000.

Mr. MCGREGOR: We want to know where it went.

By Mr. Probe:

Q. The witness has suggested that he would prepare a complete statement of expenditures. Can he tell us if the central committee, or the committee, check on the validity of supplies still retained in the hands of the auxiliary services; that is, are they held back too much before declaring it surplus; have you some means of checking that? —A. No, we have not. The inventories are held by the organizations. To a very great extent I understand that all requirements of the navy, or at least I am sure that the requirements of the navy, and all the requirements of the air force have already been met, and there now remains only the requirement of the army. As I have already indicated, at this moment the organizations have been asked to withhold the sale of all furnishings and equipment in camp areas pending the receipt of this information on our requirement.

Q. I am not thinking so much of what is retained on behalf of the troops in the post-war forces. I am thinking rather of, take for example, the Canadian Legion, the Knights of Columbus, or any other organization; you say, now here we have had this stuff for a number of years, we will cull out the best of it and we will use it in our peacetime work, apart from our service work in hospitals and so on; it is on that phase, can they conceivably hold back any great amount of equipment?—A. No, it is understood that is all to be returned to us.

Q. Yes?—A. And Canadian Legion Branches, to be specific, have in a number of cases purchased surplus at what we consider very reasonable figures, generally speaking fifty per cent of the original cost.

By Mr. Homuth:

Q. Following up Mr. McGregor's question, Mr. Chairman; am I right in saying that your various auxiliary services requested so much money for certain purposes, that money is allocated to them, then at the end of the month they give you a statement as to the expenditures they have made, what they have made them on, and that there may be an over-plus—one way or the other—I think what Mr. McGregor wanted was a statement as to how much money was expended, on what services—whether it may be entertainment or whatever it might be—could that be made available to the committee?—A. I think that could be obtained, sir.

Q. I do not mean in detail, I do not think Mr. McGregor wants it in strict detail, but rather the general allotment of money over various properties.—A. I think I understand.

Mr. HOMUTH: What we are trying to get at is this, in the first Great War there was a very bad feeling in the country when the war was over that certain services had charged exorbitant prices for things they had sold to the troops and so on; and there was a feeling in the country that the thing had been done through the employment of men paid big salaries and making tremendous profit out of the little the troops got in the way of favours. When this war started this auxiliary services was set up with the idea of overcoming these difficulties and getting rid of that idea that the auxiliary were making profits out of these troops. For instance, we saw that the troops on the trains in the country were always hungry and always ready to buy. The news services on the trains sold cheese sandwiches that were worth about a cent and a half for 15 cents each to the troops, and so on. I think it was the worst racket I ever saw. I think Mr. McGregor's idea is to find out how these expenditures were made, if there was a profit made out of these auxiliary services and where these profits might have gone. I think if you could give us some sort of a statement on that it would clear the atmosphere and give us some idea of what was done.

The WITNESS: In so far as the canteen operations of the organizations are concerned they are accounted for entirely separately from the program activities of the organizations. By agreement between the organizations and the Department of National Defence the regimental funds board have handled all matters referring to sales. In so far as profits are concerned they have been turned over to the canteen trust fund regularly. By the agreement an allowance of 2 per cent on their sales was made to the organizations, and that allowance is applied against their expenditures from the funds which the government of Canada has provided for them.

In so far as overseas is concerned the organizations did not operate the agreement with the Department of National Defence, but all their profits have been recorded and will eventually be turned over, it is expected, to the canteen trust fund. There are certain deductions which it will be necessary to make because of the fact that this represents the gross profit, and certain moneys have been expended from the public treasury, but that will have to be investigated and the rate determined.

There was another operation known as broncho by which the four organizations provided canteen supplies on the continent, and the government gave returnable advances to the national organization of the Y.M.C.A. which acted on behalf of themselves and the three other organizations. These advances will be returned. The funds are now available and they will be returned within a very short time to the Receiver General of Canada. The profit from that operation will be disposed of at the discretion of the Department of National Defence, and it is intended at this moment, after the deduction of necessary expenses and allowances for exchange rates, that that balance, too, will go to the canteen trust fund. That policy has not been definitely decided, but that is the way it appears to be at the moment.

By Mr. Homuth:

Q. May I ask if this canteen trust fund is expended under the authority of any particular minister of the government?—A. The organizations are responsible to the Department of National Defence at the present time. Prior to April 1 they were responsible to the Minister of National War Services.

Q. And any expenditures out of the canteen fund will be under the jurisdiction of some minister of the Crown?—A. Correct, sir.

By Mr. Murphy:

Q. I wonder if we could clarify Mr. McGregor's request. There are two different funds, the one you have in Canada, and the one on the other side. I understood you to say that you can produce figures, as he asked, up till about May of this year without audit?—A. Statements are presented on a quarterly basis as per the minister's regulations, and I suggest if it is not required in accurate detail that we give you until the 31st of March.

Q. That is what I mean. There is no extra work involved in submitting that statement?—A. There will be a certain amount of work, but it would make it much simpler for us.

Q. Then as to the overseas statement up to what time could the committee be furnished with that?—A. Well, I think only until the end of 1944 when we have audited statements.

Q. Would you have a statement for 1945 not audited?—A. No, it has not been received from the overseas committee yet.

Q. You do not know when the 1945 statement will be audited?—A. It is expected within the next six weeks from advice we had a few days ago.

By Mr. Probe:

Q. May I ask a question of the witness, sort of an aside?—We were talking about expenditures a few moments ago. There was a rodeo on the continent last year. I got quite a few communications with respect to that rodeo, and there was a general feeling in the letters that there was some extravagance in connection with the rodeo. Which branch of the auxiliary services was responsible for the setting of up that program feature? Can you tell us anything about the success of that particular feature in the field of entertainment?—A. I am sorry, sir. This comes as a complete surprise to me.

Q. I think your department knows of it because I wrote them with respect to it and received an acknowledgment of the fact they were aware of its existence, but beyond that they knew nothing.—A. I can only assume that this was a part of the entertainment program which was under the direction of the Canadian Legion. I am assuming that.

Q. As I understand it there was quite an extravaganza, and I wondered if we could get something on the record as to how they succeeded.—A. Not from me; I do not know anything about it.

Mr. LALONDE: Extravagance?

Mr. PROBE: I said "extravaganza". I was careful there. There is a big difference.

The CHAIRMAN: Are there any further questions, gentlemen? I am anxious to clean up this picture as nearly as we can, and it is because of that I also telephoned and asked another witness to be with us today to answer any questions and make a statement that might be helpful to the committee. Are you ready to excuse the present witness?

By Mr. McCullough:

Q. There is just one thing. I should like the witness to table the personnel of this joint services advisory committee.

The CHAIRMAN: Perhaps he will give it to you right now.

The WITNESS: I have it here, if you will excuse me for a moment. The Canadian committee is Colonel H. M. Cathcart, chairman, who is director of administration, army, and who, by the way, asked me to present his apologies for his absence today; Lieutenant Commander A. H. Rollit, special services, navy; Lieutenant Commander E. F. Gaskell, special services, navy; Mr. R. A. Stead, deputy minister's office, navy; Major W. A. Ross, acting director of aux-

iliary services, army; Major A. L. S. Ireton, deputy minister's office, army; Wing Commander J. M. Sutherland, J.A.G.'s office; Group Captain J. C. Scott, director of personnel, R.C.A.F.; Wing Commander N. M. Gilchrist, special services, R.C.A.F.; Mr. W. C. Allen, financial supervisor, R.C.A.F.; and Mr. W. P. Wood, secretary.

By Mr. McCullough:

Q. Could the witness supplement that answer by giving the salaries of these personnel?—A. They act without salary.

Q. They are not dollar a year men, are they?—A. So far as I am aware they do not get even a dollar a year. The overseas committee is composed of Colonel L. R. McDonald, A.D.A.G.(B), chairman; Lieut. Colonel R. F. Sheppard, A.A.G.; Lieut. Colonel H. M. Travers, A.D.A.S.; Wing Commander H. G. Gillingham, D.D. personnel, R.C.A.F.; Wing Commander J. Blow, senior auxiliary officer, R.C.A.F.; J. D. Dawson, who acts as secretary.

By Mr. Probe:

Q. I have one more question. In the course of overseas operations certain equipment was acquired from time to time as the result of action with the enemy. I recall, for example, that I was involved in a little game where we got 128 movie projectors from the Germans. Those were taken on charge. This was not loot, to make the picture clear. We took them on regular charge. I wonder if there is any record as to what happened to that sort of equipment? We have always been told here that there are no movie projectors, and I know from personal knowledge that we acquired quite a lot of them. We got these 128 in one place, Brussels. There were a lot of other similar things we took from the enemy and which were put on regular charge. What happened to that type of equipment? Is that included?—A. Not that I am aware of. I would be surprised if the national organizations would be involved in any transactions of that type. In so far as their film projectors are concerned the Y.M.C.A. has disposed of theirs by sale to UNRRA. In so far as the Salvation Army is concerned a number of their projectors have been returned to Canada, and the balance when they are finished with them will be returned to Canada. In so far as the Canadian Legion are concerned their film projectors will be returned to Canada, all of which surplus will be put in ordnance stores for distribution at the discretion of the Department of National Defence.

Q. Colonel Philpott would know of this one particular activity I referred to. He was involved also.

By Mr. Murphy:

Q. As to that statement regarding operations overseas I wonder if it would be in order without any further questioning regarding it later to have assurance that when the 1945 statement is audited the members of the committee will be furnished with that statement?—A. I will be glad to undertake that, sir.

The CHAIRMAN: Thank you very much, Mr. Wood.

George Pifher, Director of Voluntary and Auxiliary Services, Department of National War Services, called

The CHAIRMAN: Would you state your name and your position?

The WITNESS: My name is George Pifher. I am Director of Voluntary and Auxiliary Services of the Department of National War Services, and until dissolution of the advisory board, secretary of the National War Services Funds Advisory Board, and liaison officer with the national organizations coming under the powers of the Board.

As Mr. Wood has stated the financial supervision of the national war service organizations was in the hands of the Department of National War Services until the 31st of March, 1946, at which time our interest was transferred to the Department of National Defence by order in council of April 6th.

The war work of four of the national organizations is covered by an agreement between the Department of National Defence and the organizations. The agreement was made in April, 1940. It set forth the terms under which the organizations were to use their resources for the benefit of the armed forces in time of war at the request of the organizations. That agreement established the principle that they should not profit from their war activities or from war services they rendered to the armed forces. The agreement also set forth in section 11 the principle which was to be followed in respect of the disposal of the assets of the organizations, it being agreed that the disposal would be with the concurrence of the Minister of National Defence, the money to be used for the benefit and welfare of the veterans.

The war service organizations carry on what is called a program service and a canteen service. The canteen service in Canada falls into two categories. The first is canteens which are under the jurisdiction of the regimental funds board. These are called profit canteens. These canteens are subject to audit by the regimental funds board, quarterly statements being submitted. 5 per cent of gross receipts accruing to the unit for immediate expenditure on the welfare of the men in the camp. 2 per cent of the gross receipts are retained by the organizations to cover administrative costs, and the balance, namely the net profits, are paid to the regimental funds board. These funds are held in trust for later disposal.

By Mr. Homuth:

Q. Just to interrupt you there, you say that there was 2 per cent for administrative costs. Were those costs paid by officers of the various organizations, canteens, or whatever you might call them, or was that 2 per cent turned over to a central office and from there payment was made?—A. That 2 per cent is retained by the central office of each national organization and in budgeting for accountable grants it is deducted from approved budgets as revenue so that the organizations do not in any way benefit therefrom. It just relieves the public treasury of the cost of administering the canteens.

Q. But the payments were made from official sources?—A. That is right, made by central headquarters. The second type of canteen operation in Canada is what is called the tuck shop operation or non-profit operation where it is necessary to maintain services for small groups of men in outposts, from which profits can not be derived. We considered that as a service to the troops, as it was, a very essential service, and the operating loss in that is absorbed in the accountable grants budgeted for in the usual way.

There is a third type of operation in town recreation centres and hostels involving the sale of meals, the sale of beds, and so on. The receipts from these operations are used to defray the cost of operating. For instance, in the hostels a bed rate of 25 cents was established throughout Canada whereby other ranks could receive a good bed for 25 cents. The laundry alone, the cost of laundering the linen, and so on, came to 25 cents a bed, so that the net cost of carrying on these operations after taking the revenues from meals, was necessarily paid out of the public treasury.

So far as the United Kingdom services are concerned there are two types of canteen operations also. One is the town centre and hostel operation. The same policy is applied there as we applied in Canada. That is that all revenues accruing in that town centre or hostel go to defray the cost of operating. Canteens in the line in the United Kingdom are operated by the organizations on a separate basis and separate accounting is kept. The operations are subject

to audit by the auditors appointed by the government, and the gross profits are set aside in a special account which appears each year in the balance sheets of the organizations. The expenses of operating these "in the line canteens" were not arrived at until recently. A special committee was set up overseas of the chief accountants of the organizations, and the secretary of the overseas committee of the national war services funds advisory board, to go into the question of expenses, and it was agreed that 12½ per cent of gross sales would be considered a fair expense, the balance of which would be considered net profit and which would be, we presume, turned over to the canteen fund for army benevolence and for the R.C.A.F. benevolent fund because some of the profits were built up by R.C.A.F. personnel.

Q. But that is not definite yet?—A. I am only speaking of what has transpired prior to March 31, 1946.

Q. You say you expect they will be turned over to these canteen funds or the R.C.A.F. benevolent fund, and so on, but there is no definite policy on that as yet?—A. No, not yet. The whole arrangement with regard to the trading operations of the organizations, as I have indicated, is in keeping with the agreement of April, 1940, whereby the organizations by expressed wish do not want to profit from their operations, and they want to see that any profits accruing from their operations accrue to the men who created the profits.

By Mr. Probe:

Q. I presume that 12½ per cent on gross sales was an arbitrary figure set on an estimate. If they were within that there would be a profit on that? That would remain with the organization concerned?—A. No, if they were within that the residue would go back to reduce the accountable grant. The organizations will not by any means want any of the money. With regard to the program of operations of the organizations in Canada, ever since January 1, 1941, even prior to the date when they started to be financed by the government, they were under close financial budgeting and expenditure supervision by the advisory board. As a matter of fact, when the government took over the financing of the organizations in 1942 there was not a single change in the method of control which indicates that the control over the organizations by their request was just as severe with funds obtained from the public as it later became with funds obtained from the public treasury. The organizations raised by their own efforts and expended on war service work in the period from 1940 to 1942 \$7,928,674. There is a breakdown here by organizations if you wish it.

The CHAIRMAN: I think you had better put that on the record.

Mr. HOMUTH: Could that breakdown go on the record?

The CHAIRMAN: It is a fairly short statement. Perhaps it would give Mr. McGregor, Mr. Murphy and those who raised the question as to the amount, more information.

Mr. HOMUTH: I think it should go on the record.

The CHAIRMAN: It will go on the record. Do you wish it read now?

The WITNESS: I might explain that first of all in 1940 the organizations conducted separate appeals raising their own money by their own efforts. In 1941 at the request of the advisory board they combined their appeals setting up a trusteeship in the name of the Canadian War Service Fund, and as a result expenditures by the organizations in 1941 and the first part of 1942 were from funds obtained by the Canadian War Service Fund which was a joint money raising effort.

NATIONAL WAR SERVICES ORGANIZATIONS

POPULATION SUBSCRIPTIONS—WAR SERVICES ONLY

	1940	1941	1942	Total
Canadian Legion	\$ 683,172	\$ 968,456	\$131,756	\$1,783,384
Knights of Columbus.	278,667	822,079	106,192	1,206,938
Salvation Army	37,892	1,810,075	177,316	2,025,283
Y.M.C.A.	985,063	1,708,258	—	2,693,321
Y.W.C.A.	—	207,271	12,477	219,748
Navy League	—	—	—	—
	<u>\$1,984,794</u>	<u>\$5,516,139</u>	<u>\$427,741</u>	<u>\$7,928,674</u>

All organizations have received nominal amounts from the public annually since 1942; such donations were usually earmarked for specific purposes not related to normal operations.

The same organizations received in accountable grants from the government from January 1, 1942 in the case of the Canadian Legion, Knights of Columbus, Y.M.C.A., Y.W.C.A., and Navy League, and from April 1, 1942, in the case of the Salvation Army, a total of \$46,103,094.37 to March 31st of 1946. In addition to that recoverable advances were paid to the Y.M.C.A. on the broncho operation which is a canteen operation in active theatres of war beyond the United Kingdom. The Y.M.C.A. received recoverable advances of \$2,407,420 of which they have repaid \$1,276,570, leaving a balance of \$1,130,850 to be recovered.

By Mr. Homuth:

Q. May I ask at this point if you have any idea as to what amount of money is recoverable? You say "to be recovered".—A. The whole amount is recoverable.

Q. Have you any idea what is recoverable?—A. The whole amount is recoverable, and the money is on hand with the Y.M.C.A. for recovery. In addition to that there will be a considerable profit in the operation from which expenses will have to be taken, and it is presumed that any profit will accrue to the canteen trust fund and the R.C.A.F. benevolent fund.

By Mr. McCullough:

Q. How was the basis for these grants formulated?—A. The national war service funds advisory board, which has the responsibility of recommending payment, received budgets from the organizations in great detail. I think Mr. McGregor will be very much interested in this. The organizations altogether maintain in their accounting some 28,000 bookkeeping entries, separate budget items are presented for each one. They can tell you right to the last dollar what they spent on salaries, what they spent on movie projectors, on the repair of those projectors, what they spent on film service, what they spent on entertainment, what they spent on sports equipment, what they spent on capital repairs to buildings, on motor vehicles, on their free stationery, on their free issues of coffee, etc. They can tell you what they spent in Camp Borden. They can tell you what was spent in Prince Rupert or wherever they happened to operate.

By Mr. McGregor:

Q. Have they their stock sheets for anything that was ever bought by them? Have they their stock sheets for everything that ever belonged to them to show what became of it?—A. The organizations in addition at our request, and under our supervision, kept actual inventories of all articles of equipment and the disposal of them.

Q. And they still have that?—A. And we maintained an officer in the department who occasionally called on the organizations to check these inventories to see that everything was in good order, and I must assure you gentlemen that it was. I do not think there is any bookkeeping system established by any private firm in Canada to equal the bookkeeping records of the organizations. When you consider that organizations such as the Canadian Legion and Knights of Columbus had never been in this type of business before and handled millions and millions of dollars throughout the war with everything satisfactorily audited and statements sent in to show that the money was properly handled, I think it is one of the most marvellous records of the war.

Q. I think we should congratulate the department on that, and maybe the air force, who have lost all these millions of dollars of records, should take a lesson or two from them.—A. Following up that question, and giving the specific answer to the question that was raised, the organizations in order to obtain funds from the government present, first of all, their annual budget of requirements broken down into projects wherever they are working. Whether it happened to be one of the hundred and some odd outposts in the Halifax area, or whether it happens to be some of the twenty or thirty in Prince Rupert; for each one of those they had to itemize their proposed expenditure, and that came to the budget board. The budget board scrutinized their expenditures proposed, sometimes cut them, sometimes raised them. These budgets were then recommended and approved by the minister and impressed advances were made to the organization in accordance with the approved budget. The organizations then had the privilege to come each month, if necessary, with supplementary budgets because this work was always in a state of flux. With more men coming into the services, more places being established, camps being enlarged, it required an enlargement of work on short notice, so that the organizations were constantly coming to the board. The board in each year would deal with something like 40 budget presentations of the organizations. It has always met whenever necessary, and has always had the organizations before it when considering their budgets. The sum total of the whole thing is that in the aggregate the organizations always spent from ten per cent to fifteen per cent less than their budget approvals, which indicated that they themselves exercised a further control than the control exercised by the department.

Q. Mr. Pifher spoke of vehicle expenditures overseas. As I recall it they used military vehicles. Were they charged for the use of those vehicles?—A. No. In 1942 when we took over the financing of the organizations we made certain changes, and one of them was that we asked the Department of National Defence, inasmuch as the money was all coming from the same pot, to provide all transport required by the organizations.

Q. Here and overseas?—A. Here, and overseas. The result was that from that day on very little motor equipment was purchased. We had to provide some for area supervisors, and for use around towns for general service, but very little was purchased. Gasoline (petrol they call it in England) was obtained from the Department of National Defence. With regard to the disposal of the assets of the organization, the advisory board realized, and so did the organizations, in the fall of 1944 that the war would come to a close, and at that time we asked the organizations to discontinue requisitioning from the advisory board for funds for the purchase of new furniture and equipment. They were to use the furniture and equipment that was available in stations which were then closing up—such as the R.A.F. stations, etc. Our arrangement with the organizations from the first has been a partnership arrangement. We have never attempted to dictate to the organizations without first consulting them and getting their views, and working out an arrangement satisfactory to them, and within keeping with the necessity for maintaining a measure of control over funds granted to them by the public treasury. We met the organizations in 1944

and worked out an arrangement with them for the disposal of their assets, the idea being that they would not come to us for additional funds for new furniture, if they could use surplus supplies, sufficient furniture was becoming surplus to meet the new requirements and to replace worn out furniture. I think it is fairly accurate to say that the average life of any furniture supplied in any of these camps was two years. Those of you who have been in the army will know that is a fair estimate. We worked out the following arrangement:

The following plan for the disposal of furnishings and equipment was approved by the Executive Committee of the National War Services Funds Advisory Board at its last meeting. This plan was the subject of discussion between officers of this department and all organizations who had previously concurred in principle.

1. Notification re cessation or contraction.

When a project serviced by one or more of the national organizations is affected, the service concerned should notify the Director of Voluntary and Auxiliary Services, Department of National War Services, in respect of the approximate date of cessation, or the reduced strength on the project, naming the organization concerned.

2. Inventory and classification of furnishings and equipment—Organizations.

The organization concerned in such projects should retain custody of furnishings and equipment, and proceed to take an inventory, at the same time classifying the objects under categories as to condition, as follows:—

- (a) good condition—not needing repairs;
- (b) fair condition—which may be repaired economically;
- (c) poor condition—beyond economical repair.

Copy of such inventory should be sent to the headquarters of the organization, where decision should be made as to means of disposal, as follows:—

- (1) Transfer to an adjacent new or continuing operation of objects falling within "a" category;
- (2) Transfer to necessary location for repair of objects classified as being within "b" category, provided it is economical to do so; otherwise, such objects should be sold locally;
- (3) Advice covering the transfer of "a" category and repaired objects under "b" category shall be forwarded to the Department of National War Services, indicating particulars of dispersal;
- (4) Where dispersal indicated in paragraphs 1 and 2 above is impracticable or unsound financially, disposal shall be made by local sale, preference to be given first to peacetime programme of interested organization, second, local community needs, third, general public;
- (5) The organizations shall set up a separate account for the proceeds of all sales, and advise the Department of National War Services in the established manner for reporting financial operations.

We have asked the Departments of National Defence, when authorizing organizations in future to provide furniture for given locations, to indicate whether or not such furniture may be obtained by transfer from other locations. This will mean that all items in future budgets for furniture and equipment should be supported by authorities from the services concerned in order to assure the practical application of this arrangement.

It has been agreed that there should be a free transfer of surplus furniture and equipment from one organization to another. As the greatest surplus accrued at that time on air force stations, we anticipated that navy, army, and air force would consult each other as to alternative sources of supply.

That method for the disposal of surplus equipment worked exceptionally well up to the time the Department of National War Services relinquished control, there was no great surplus of furniture up to that time. I think up to then we had much less than \$100,000 of surplus furniture and other surplus equipment of any kind available, up until March 31st; after that, of course, it would be greatly accelerated because of the rapidly reducing number of personnel to be served. A special assets account was maintained for this reason; we were not certain and we could not be certain how much of this worn-out furniture and equipment had been purchased from public funds and how much had been provided and paid for out of treasury funds. It was reasonable for us to assume that everything provided by public funds raised up until 1942 was worn out; however, there is an agreement between the organizations and the Department of National Defence that the disposal of their assets obtained by public subscription and the money derived therefrom would accrue to the benefit of the soldiers. In order to assure that there would be no doubt about the disposal of this money, we asked the organization to put it in a special account so that at the end of their war operations the whole matter could be gone into to find out a fair means of disposing of the money, what portion belonged to the public treasury and what portion belonged to the veterans through the medium of the benevolent funds established by the three services.

In so far as the disposal of assets overseas was concerned, that was a different problem. The major portion of the assets had been accumulated by the organizations overseas in the current fiscal year. It became apparent in December 1945 that substantial surpluses over and above the requirements of the occupation forces would be available for immediate disposal. The major portion of these surpluses were purchased within the fiscal year. It was necessary for the organizations to arrange for shipment of their supplies to the United Kingdom, from six to nine months in advance of requirements because of the difficulty of obtaining supplies and also because of the difficulty in getting them there. The organizations had ordered very substantial supplies to carry them through their year in accordance with their approved budgets. When the war terminated in Europe in May these supplies were already in England or on their way. They were supplies that had been purchased within the fiscal year, new supplies not yet distributed to the men; and the overseas committee decided that this was not a question of seeing how much goes to the benevolent funds but merely a matter of recouping the public treasury for the amount expended on furniture and other equipment which would not now be used. So they asked the organizations to dispose of this surplus equipment in accordance with the plan approved, in keeping with their responsibility as autonomous bodies. The money reverted to the public treasury to be used against approved budgets. So the policy overseas was somewhat different to that in Canada for that reason. The whole policy with regard to the disposal of these assets was, established to follow the principle set forth in the original agreement between the organizations and the Department of National Defence; and, consequently, it was in accord with the same leeway that was given organizations in purchasing equipment. It was up to the organizations as autonomous bodies, all well respected organizations in Canada of long standing, to do their own purchasing of supplies at the best possible prices, and we therefore left it up to them to dispose of these supplies at the best possible price; and, up to the time that we relinquished control, we had every assurance that surplus assets were being disposed of to the best possible advantage.

The CHAIRMAN: Thank you.

Mr. PROBE: That policy has ceased, no longer applies in the services, then?

The WITNESS: Things have changed since then. It has become a greater problem. The army, navy and the air force have a problem of requiring supplies for a period after the organizations leave the field. Because of the inability of obtaining these supplies in the open market today, they have a greater interest in them than we had. When we did have control of the situation we had much less supplies then to be disposed of.

The CHAIRMAN: I was just going to say that in order to give you as complete a picture as possible of this particular activity, I was careful to select these witnesses who, I felt could bring the information which I thought the committee might like to have, in the persons of the last four witnesses. I want to thank them on behalf of the committee for the very excellent job they have made of their presentation.

Very soon we will have as our witness Mr. Berry, and he will be accompanied by Mr. Dinsmore. They will deal with information as presented to you in a brief regarding the disposal of real estate and buildings. If you have not already looked over that brief, which, of course, is not yet included in our minutes but will be placed in the record Thursday, I would suggest that you do so, so as to have all manner of questions ready for Mr. Berry and Mr. Dinsmore on Thursday.

Mr. MCGREGOR: Mr. Chairman, just while you are on that; will Mr. Berry and Mr. Dinsmore be able to answer any questions which are asked in connection with these buildings that are not in the questions which have already been asked?

The CHAIRMAN: I would say to you that, after hearing Mr. Berry and Mr. Dinsmore, you will then be at liberty to ask any manner of question in regard to real estate and buildings on Thursday.

Mr. MCGREGOR: I quite agree with you that I can ask any question, there is no doubt about that; but will anybody know the answers, that is the important thing.

The CHAIRMAN: You will get the same intelligent answers on Thursday that you have received in the past, Mr. McGregor.

Some hon. MEMBERS: Hear, hear.

Mr. PROBE: Mr. Chairman, before we adjourn may I ask if it is contemplated on our future agenda that witnesses from the Prices Stabilization Branch of the Wartime Prices and Trade Board will be heard?

The CHAIRMAN: Yes, that was agreed upon at one of our early sittings, not this session but the last. I was going to follow as nearly as possible the programme as laid down by the steering committee at its second meeting.

Mr. BLACK: Has that brief been circulated?

The CHAIRMAN: It has already been circulated.

Mr. BLACK: When was it circulated?

The CHAIRMAN: About three weeks ago, I believe.

Mr. BLACK: Probably that was before I was able to join the committee. I do not think I have a copy of it. I have not seen it.

The CHAIRMAN: I will see that you get a copy. It is entitled: "Policies established by the War Assets Corporation for the disposal of real estate and buildings."

The committee adjourned at 12.45 o'clock p.m. to meet again on Thursday, May 30, 1946, at 11.00 o'clock a.m.

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(SPECIAL COMMITTEE

ON

WAR EXPENDITURES AND ECONOMIES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 17

THURSDAY, MAY 30, 1946

WITNESSES:

Mr. J. H. Berry, President, War Assets Corporation.

Mr. G. H. S. Dinsmore, Director of lands and buildings department, War Assets Corporation.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1946

MINUTES OF PROCEEDINGS

THURSDAY, May 30, 1946.

The Special Committee on War Expenditures and Economies met at 11.00 a.m., the Chairman, Mr. Isnor, presiding.

Members present: Messrs. Benidickson, Black (*Cumberland*), Cote (*Verdun*), Golding, Isnor, Jackman, Lalonde, Marier, Marquis, Murphy, McCullough (*Assiniboia*), McGregor, McIlraith, McLure, Michaud, Probe, Shaw, Smith (*Calgary West*), Stewart (*Winnipeg North*), Winkler.

In attendance: Mr. J. H. Berry, President, and Mr. G. H. S. Dinsmore, Director of Lands and Buildings Department, War Assets Corporation; Colonel I. H. Deyman, M. G. O. Branch, N.D.H.Q.; Mr. C. Gavsie, General Counsel, Department of Reconstruction and Supply.

The Clerk read a communication from Colonel W. G. Denney to which were attached answers to questions asked by Messrs. Murphy, McGregor and Smith.

It was ordered that these be printed as an appendix to this day's Minutes of Proceedings. (*See Appendices "A", "B" and "C"*).

The Clerk also tabled communications from Group Captain Victor S. J. Millard submitting an answer to a question by Mr. Smith, and a supplementary statement to part B of the statement on R.C.A.F. material equipment as appears in Appendix "A" of the Minutes of Proceedings and Evidence of May 21, 1946, Vol. 13. (*See Appendices "D" and "E"*).

Mr. Berry was recalled. He read part of a brief on policies established by War Assets Corporation for the disposal of real estate and buildings and was questioned.

Mr. Dinsmore was also called and questioned in the course of Mr. Berry's examination.

At 1.00 p.m., witnesses retired and the Committee adjourned until tomorrow, Friday, May 31, at 11.00 a.m.

R. ARSENAULT,

Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

MAY 30, 1946.

The Special Committee on War Expenditures and Economies met this day at 11.00 o'clock a.m. The Chairman, Mr. Gordon B. Isnor, presided.

The CHAIRMAN: Gentlemen, if you will be good enough to come to order, we have a very heavy agenda this morning and it will require full attention if we are to be through by one o'clock. We have with us Mr. Berry, who is going to present a brief on the disposal of real estate and buildings. Along with that we have additional replies covering other matters arising out of questions put by different members of the committee. Before asking Mr. Berry to proceed I am going to ask the clerk to read certain communications received from Colonel Denney and Group Captain Millard, and also to distribute copies of the replies in connection with these communications.

The CLERK:

MEMORANDUM

DEPARTMENT OF NATIONAL DEFENCE

H.Q. C.8785 FD 18 DOS (Prov) S

OTTAWA, 30 May, 1946.

To: Chairman,

Special Committee on War Expenditures and Economies.

1. As requested herewith answers to the following questions asked at your committee's meetings on dates specified below:—

Question by Mr. Murphy at your meeting dated 23 May 46.

I refer Mr. Chairman, to Ipperwash, which is in military district No. 1. The acreage is 2,470 and the capital cost for the land was \$50,400.15. There was a report tabled last fall having reference to one area of some 200 and some odd acres. The reference said that they cost \$29,000.00. That is what the government paid for it. Now that would only leave \$21,000.00 for some 2,200 acres, so this figure here of \$50,400.15 supposed to be representing the capital cost of that area is not correct?

Asked by Mr. McGregor at your meeting dated 2 May 46.

It has been set down that there were certain points where they brought them. We want to know where they were, what goods, what was brought there, why, and what it cost to bring them there?

Asked by Mr. Smith at your committee's meeting dated 7 May 46.

All I want to know is how many were shipped by the army from Alberta to points in Ontario, and what it cost to get them down from Alberta?

2. Sufficient quantities of the above-mentioned answers for distribution to members of your committee are forwarded herewith.

3. The above completes the answers to questions asked by your committee as far as the army is concerned.

4. If the army can be of any further assistance to your committee please do not hesitate to call upon us for any further information you may require.

(Sgd.) W. G. DENNEY, *Colonel,*
Branch of the Master-General of the Ordnance.

The CHAIRMAN: Gentlemen, you have heard the reading of this communication: Is it agreed that we include it as an appendix to our proceedings of today?

Some Hon. MEMBERS: Agreed.

Mr. MURPHY: Is the material now being distributed in answer to Mr. McGregor's questions? I did not get the questions that were referred to.

The CHAIRMAN: I think if you will wait to receive the material you will find it is.

Mr. MURPHY: I mean, it is on that?

The CHAIRMAN: Yes.

The CLERK: There is another communication from Group Captain Millard:

UPLANDS, Ontario, 29 May, 1946.

Mr. ARSENAULT,
Clerk of the War Expenditures and Economics Committee,
Room 433, House of Commons,
Ottawa, Ontario.

DEAR SIR:—Thirty copies are attached of lists showing certain items which were omitted from the papers presented by me on May 21 last when I appeared as a witness before the special committee on War Expenditures and Economics. May these amendments be tabled before the committee at its next meeting please.

Yours truly,

(Signed) V. S. J. MILLARD, G/C

Witness

*Supply Staff Officer RCAF Maintenance
Command, Uplands, Ontario.*

And a further letter:

OTTAWA, Ontario, 30 May, 1946.

Mr. R. ARSENAULT,
Clerk of Special Committee on War Expenditures and Economics,
Room 433, House of Commons,
Ottawa, Ont.

DEAR SIR:—Attached herewith are thirty (30) copies of a reply to a question addressed to me during the committee meeting of Thursday, 23rd May, 1946, by Mr. Smith.

May this reply be tabled in the proceedings of the next committee meeting, please.

Yours very truly,

(Signed) V. S. J. MILLARD,

Group Captain, for Chief of the Air Staff

The CHAIRMAN: Gentlemen, you have heard the reading of these communications from Group Captain Millard. Is it your pleasure to deal with them in a manner similar to that with which we dealt with the communication we received from Colonel Denney?

Some Hon. MEMBERS: Agreed.

(Answers to questions referred to in correspondence above appear as appendices to this report).

Mr. SMITH: May I call attention to the question which I asked?

The CHAIRMAN: So long as it is not going to open up a new discussion at this point. If it will not go beyond that point we will be very pleased to receive it.

Mr. SMITH: That is just it. My question is only half answered. If you will recall, my question asked for information as to the number that had been brought back to Ontario, and then the number that had been taken back again to western points. They have given me one half of the answer, but I have not got the other half.

The CHAIRMAN: I remember your question, you worded it in two parts.

Mr. SMITH: Yes, it is plain here in the records, and the answer is only for the first half.

The CHAIRMAN: I will instruct the clerk to notify Colonel Denney of what you have said, and see if the balance of the information is forthcoming.

Mr. MCGREGOR: Just before you go on with that, I think my question is only half answered also, and I think we ought to clear that up before we go any further. I think I asked a question as to the number of these vehicles which had been moved to central depots all over the country. This answer, as I understand it, in the short time which I have had to look at it, covers only those that were moved to that central depot in London. What about the rest of the answer?

The CHAIRMAN: While I agree with Mr. Smith, I am inclined to disagree with you, Mr. McGregor. As I recall it, I thought that as a final question we concentrated on one particular depot.

Mr. COTE: That is right.

The CHAIRMAN: I think that was the final decision. I will check it up and I will have the clerk check it up, and if there is any further information required to cover your question completely we will see that information is supplied.

Mr. MCGREGOR: That might have been your understanding. It was not mine.

The CHAIRMAN: The records will show that.

Mr. MCGREGOR: We shall have an answer.

The CHAIRMAN: Now, shall we proceed with Mr. Berry?

Mr. MURPHY: Mr. Chairman, just before you start, I am going to ask if an answer supplementary to the one already made could be given with respect to the question of expropriation of Ipperwash. As far as the original statement is concerned it showed a cost of the land of \$51,000. This statement shows a cost of \$81,500; and, in as much as it referred to the expropriation from the Indians by the Department of Mines and Resources, I was wondering if that includes all the expense entailed by any other departments in connection with the moving of those Indians and the expropriation of that land?

The CHAIRMAN: I am not in a position to answer that, we will have a record of it.

Mr. MURPHY: Yes.

Mr. McILRAITH: That involves a number of departments.

The CHAIRMAN: Perhaps I had better endeavour to clear that up a little, Mr. Murphy. I think the enlargement of the question as stated here by you today would likely entail the production of papers and returns from not one, but at least two or three departments; and while the reference to this committee I believe is wide enough to inquire into all expenditures connected with war operations, perhaps your purpose would be better served by your making a motion in the house for the production of papers relating to this particular subject.

Mr. SMITH: If you will leave that matter to Mr. Murphy and myself we will look into it.

The CHAIRMAN: Now, gentlemen, as I said a moment ago, the steering committee agreed and recommended, and you approved, that we would confine the questions today, after Mr. Berry has presented his brief, to matters relating to real estate and buildings. Mr. Berry, will you proceed. May I say, gentlemen, that we also have Mr. Dinsmore, who is director of the real estate branch of the War Assets Corporation, here with us today.

Mr. J. H. Berry, President, War Assets Corporation, recalled:

The WITNESS: Mr. Chairman, the brief already distributed to members of the committee is entitled "Policies Established by War Assets Corporation for the Disposal of Real Estate and Buildings."

GROUP 1

Industrial lands and buildings which are

- (a) subject to options or restrictive clauses, which in turn do not permit of free sale;
- (b) are part of or adjacent to a manufacture's plant.

1. Such buildings may be either sold or leased, whichever transaction is considered to be in the public interest.

Mr. SMITH: May I interrupt a moment to suggest, if my memory serves me right—why not take this brief as read, and then question Mr. Berry on it? Copies of the brief were distributed earlier so that each member could have an opportunity of studying it. Do you intend to have him read the whole of this document?

The CHAIRMAN: Yes, I think so.

Mr. SMITH: It is entirely in your hands.

Mr. MCGREGOR: What lovely hands.

The CHAIRMAN: No, not in my hands; I am in the hands of the committee.

Mr. STEWART: I think most of us have had a chance to read this.

Mr. LALONDE: I would move that we dispense with the reading of it.

The CHAIRMAN: What is your pleasure, gentlemen?

Some Hon. MEMBERS: Read it.

The WITNESS:

2. When buildings are to be sold, then the following pricing formula will be used as a guide to the basic value.

- (a) original cost less the cost of features incorporated in the building for the specific purpose for which the building was constructed,

which features are not required by the purchaser for his use and concerning which agreement is reached with the corporation officials.

- (b) The gross value arrived at in (a) above to be subject to deductions representing the war time cost of construction, these deductions to be in accordance with the following percentages:—

- (i) for buildings constructed mainly in 1939 0 per cent
- (ii) for buildings constructed mainly in 1940 108 per cent
- (iii) for buildings constructed mainly in 1941 118 per cent
- (iv) for buildings constructed mainly in 1942 126 per cent
- (v) for buildings constructed mainly in 1943 131 per cent
- (iv) for buildings constructed mainly in 1944 135 per cent

plus allowances for the excessive cost of work done in winter months by overtime, etc., etc., if proven.

By Mr. McGregor:

Q. Would the witness mind explaining just what he means by that?—

A. Our calculation is based on 1939 as the basic year and we figure that buildings constructed in 1940 cost 108 per cent of the basic price; and in 1941, 118 per cent of the basic price, etc.

Q. In other words it is 35 per cent up in 1944?—A. 35 per cent higher in 1944.

Q. Than in 1939?—A. Correct.

Q. And you have nothing for last year?—A. No. So far as I know there were no buildings constructed in 1945, we have not come across any yet.

- (c) The value, as arrived at in (a) and (b) above, to be subject to a further deduction representing the standard applicable rate of depreciation as from the date of completion of the building to the date of purchase.

The value arrived at, as in (a), (b) and (c) above, to be known as the *basic value*.

3. The basic value may be subject to further adjustment, after consideration of the ability of the prospective purchaser to make use of the buildings, in accordance with the facts submitted, and of the following economic questions, in conjunction with the Department of Reconstruction and Supply.

Will the proposed use of the property:

- (i) increase the possibility of employment?
- (ii) provide for the manufacture in Canada of a new product previously imported?
- (iii) substantially improve working conditions as compared to existing operations?
- (iv) provide facilities which will permit of more economic operations, as compared to existing operations?
- (v) provide desirable manufacturing facilities to meet anticipated increases in the domestic or export market?
- (vi) provide a desirable redistribution of industry and employment?

4. The basic price may also be adjusted to allow for the estimated cost of converting the building for use by the purchaser, always providing that the facts called for under para. 3 are considered to be in the national interest and justify such adjustment.

5. Should any specific contractor hold an option on any Crown-owned building and no other purchaser is apparent, then such contractor shall have first option in accordance with the prescribed terms of the agreement and at a price to be negotiated after consideration of pertinent information based on a study of the proposal submitted in accordance with para. 1 to 4 of this memorandum.
6. Should more than one contractor wish to purchase a building, then the proposals submitted in accordance with paras. 1 to 4 of this memorandum shall be studied and the most favourable accepted, but not necessarily that the purchaser offering the highest price, should one such contractor hold an option on the building, then all other economic facts being reasonably equal, that contractor shall be entitled to purchase at a price not less than the highest price offered.
7. Information received in connection with the sale of buildings such as fall within this Group, and any decisions as related to which is the most favourable purchaser are to be checked with and agreed by the appropriate officer of the Department of Reconstruction and Supply.
8. Industrial lands and buildings which are to be disposed of to specific industrial companies in the national interest as directed by the Department of Reconstruction and Supply.
 - (a) Such lands and buildings, unless otherwise directed must be appraised wherever possible by two independent appraisers, and the sale price fixed in accordance with such appraisals.
 - (b) Alternatively, if considered proper, the formula and procedure set down for buildings and land as in Group 1 (a) and (b) may be applied.

Mr. STEWART: May we consider group 1 separately; that is, consider each group as it comes along?

The CHAIRMAN: I think perhaps that is a reasonable suggestion; if that meets with the approval of the committee.

Mr. COTE: I agree with that.

Some hon. MEMBERS: Agreed.

By Mr. Stewart:

Q. How does the corporation decide on the increased possibilities of employment under section 3?—A. The corporation can only rely on the reports made to it by the proposed purchaser and such checking as can be done against those in reports.

Q. Have you been able to do any checking against them?—A. In some cases the local reconstruction council has checked them for us and they send in a report on many occasions.

Q. And you find the facts to be substantially in accordance with what the purchaser said?—A. The estimate of facts, in accordance with what the purchaser said; whether he lives up to that or not depends on a lot of factors.

Q. Quite.—A. We take the best opinion we can get, outside opinion. We check on it in that way.

Q. Then, subsection 3—

3. The basic value may be subject to further adjustment, after consideration of the ability of the prospective purchaser to make use of the buildings, in accordance with the facts submitted, and of the following economic questions, in conjunction with the Department of Reconstruction and Supply.

How would you decide on that? Is that a gain a mater—A. That is again a matter of examination.

Q. And it is subject to check by your department?—A. Yes.

By Mr. McCullough:

Q. Before leaving group 1, what investigation is made as to the possibilities of employment? Is any effort made to find out if these plants or buildings could still be used under government control for the production of some commodity useful for peacetime purposes; or, is it just being turned over to the corporation, and then, as the witness pointed out, just used, or sold from the standpoint of whether or not it would increase employment through the purchaser; or, has the corporation itself investigated the possibility that production could have been stepped up, thereby increasing the production of publicly owned enterprises?—A. I think I should point out to the committee that the definition of buildings included in group 1, are in the first three or four lines of the brief, this covers industrial lands and buildings which are subject to options or restrictive clauses, which incidentally do not permit of free sale; and (b) part of or adjacent to a manufacturer's plant. This policy we are discussing here in 1, 2, 3, 4, 5 and 6, cover the disposal of buildings and lands which are defined in that group.

By Mr. Stewart:

Q. How did you arrive at the sale price of \$1,400,000 for the Dominion Magnesium plant in the Hayley's Corners district, for instance? I believe they come under these restrictive buildings?—A. At a previous sitting of this committee I was asked to prepare a statement on each of the buildings and lands sold on that list which we provided, and it was to include any properties which had been sold under fifty per cent of the original cost.

Q. That is right.—A. I have a statement here covering that and I think Dominion Magnesium is included in that.

Q. Have you the statement there so that we might have a chance of reading it?

By Mr. Shaw:

Q. Page 2, section 5; would the witness explain the circumstances under which a specific contractor might hold an option on any crown owned building under the terms and conditions as set out therein? What are the circumstances which lead to a contractor holding an option on crown owned buildings as mentioned in section 5 of page 2?—A. That answer will appear in the original contract under which that building was constructed.

MR. SHAW: I think, Mr. Chairman, we should be told at some time or other just why, or to what extent, contractors were given options to purchase buildings which they constructed on a contract for the crown.

By Mr. Smith:

Q. Take specifically the ammonia plant at Calgary. Has that plant been turned over to you? I seem to recall having seen a newspaper announcement to the effect that it was being handed over to you, or that it was handed over to you the other day.—A. I believe sales negotiations are not yet completed.

MR. SHAW: What are its chief products?

MR. SMITH: Ammonia. Presumably they are. I happen to know what the arrangement made with Consolidated was, that they had the option to purchase at the highest price offered for the property. It is not an option really, it is a rather foolish sort of thing. I think it stands at around \$7,500,000. Are the options of which you speak of that type, or what kind of option are they?

THE WITNESS: We come across many types of options.

MR. SHAW: We might have a statement on that later.

By Mr. Smith:

Q. I imagine that would be under a contract which you could no doubt produce. As I understand the arrangement, you can check me up on this, the option—so-called—provides that Consolidated should have the first chance to purchase at the highest price offered. Obviously, if Consolidated did that, nobody would make any offers. There the thing is, in the air; so, I wonder if the witness would mind checking the whole ammonia plant situation out there. I want to know its cost—I think it was around \$10,000,000 or \$11,000,000—A. It is my belief at the moment that the agreement covering that sale has not been concluded, but I will be glad to prepare a statement on the sale as and when the agreement is completed.

Q. Thank you; and when you produce the statement with respect to the sale would you also give us the cost price?—A. The original cost to the crown?

Q. Yes. And in fairness to the government let me say that the plant has been making some money by selling fertilizer down on the gulf coast. I would like to know the cost, and I would like to know the sale price, and I would like the original agreement under which Consolidated operated. Don't think I am criticizing them, they did a splendid job of operating that plant. I am merely trying to find out the amount realized on the deal.

By Mr. Stewart:

Q. On page 52 of this year's minutes there appears a statement submitted by War Assets Corporation showing the names of plants, buildings and so forth sold; could Mr. Berry tell us how many of these were sold by the corporation and how many were sold by the minister or by the department?—A. I have not seen that statement. Was that a statement filed by the corporation?

Q. That is one you gave us.—A. That being so, then those buildings were sold by the corporation.

Q. And, are all buildings sold by the corporation?—A. Any buildings which come into our hands as surplus are sold by the corporation.

Q. But it is possible that plants or buildings were sold by the minister?—A. That, I could not say.

Mr. McILRAITH: That question was asked in the House and answered. Didn't you get it?

Mr. STEWART: I asked that specific one. There is the answer. I will look it up for you.

Mr. PROBE: I believe you stated it was the policy of the corporation to have regard to the redistribution of industry and employment. I think that is a very laudable policy objective, and my only experience with respect to letters that I have received was that they suggested the reverse has really been taking place. It is not altogether Mr. Berry's fault, I presume, or War Assets fault that plants were built in the first place in areas that were largely pretty central. In the case of the Regina district, for example, they never could acquire buildings, they leased buildings from General Motors, and then General Motors apparently had option on the contents of the plants after buildings had been leased for a number of years. I believe there is an analogous situation at Amherst, Nova Scotia, which is at the other end of the continent.

Mr. SMITH: Mr. Probe, do you know the type of option?

Mr. PROBE: I am afraid I do not know the details, except that it was difficult for anyone in Saskatchewan to acquire any part of the contents of Regina Industries buildings. It had already been agreed that they would be given to General Motors if they wished it. They had first chance to buy, I presume, on the same terms as those of which Mr. Smith speaks. And now then, would Mr. Berry give us some more concrete examples as to how this

decentralization is working out? To my mind decentralization is one of the most necessary and urgent problems we have in this country, and War Assets has got a job to do in that respect, if it is looking beyond dollars and cents—and apparently it has some excellent objective, as expressed here. We had a visit to the Verdun plant, for example. I have nothing but compliments for War Assets in connection with that little show that we saw at Verdun—and no doubt they pointed us in that direction so that we might be able to compliment them on something.

Mr. LALONDE: There seems to be quite a little argument on other things.

Mr. PROBE: But I would like to say specifically that that has not been done in Saskatchewan. But would Mr. Berry give us further examples of the decentralization of plants and equipment. I know this is getting away somewhat from the subject of real estate and buildings and if the matter of my request for information with respect to equipment is perhaps a little irrelevant, at the same time I do not think we are wasting time if we take a little look at that phase of it. I wonder if Mr. Berry, or Mr. Dinsmore, are in a position to tell us how this particular feature of it is working out. I think it is something on which we should commend the officers if it has been done, and if it has not been done I should like to know. I am particularly interested in Saskatchewan because we believe in our province that we should be able to do something other than grow wheat when God gives us rain; and we have not had very much help from the rest of Canada to stabilize ourselves. And may I say, Mr. Chairman—

The CHAIRMAN: Now, now; stick to the subject.

Mr. PROBE: I wanted to keep away from the political end of it; but after all, that is why we are in the C.C.F. to begin with.

The CHAIRMAN: Mr. Probe, I wish you would stick to the subject of lands and buildings. I might say that we have the same conditions as you have insofar as the Maritimes are concerned; but we are not going to air that here—and we are not C.C.F. either.

Mr. PROBE: There is a little new “weakling” here on my left, for whose benefit largely I was speaking.

The WITNESS: Mr. Chairman, we are confined in our operations as regards the redistribution of industry inasmuch as we cannot build plants and create any sort of general redistribution. We have to deal with plants as we get them. What we mean by redistribution of industry here is, take the case where you have a town or a city having a building, and, let us say there might already be a shoe manufacturer in that town, and we have a surplus building in the town, and we might get an application from a shoe manufacturer and also from a number of other types of operators. We would give careful consideration to these applications and we would have to consider, everything else being equal, whether a second shoe building factory should go into that town, or whether it should be another type of manufacturer. I think that is about as far as War Assets Corporation can go, in conjunction with the Department of Reconstruction and Supply.

Mr. PROBE: Could not War Assets give us some information about the things they have done? I am prepared to compliment this corporation. If they have been holding all that back, here is a chance for them to bring it out.

The WITNESS: I think one of the things we might mention here on redistribution of industry is to refer to a building sold at Research Enterprises at Leaside, as a result of that operation we brought an industry up from New York state and we now have a glass plant established there, the first glass plant in Canada. That was the result of the combined efforts of the War Assets Corporation and the Department of Reconstruction and Supply.

Mr. PROBE: What happened in the case of the Amherst plant? That is closed down, isn't it?

The WITNESS: That is the Canada Car and Foundry plant at Amherst?

Mr. PROBE: That is right, the Canada Car and Foundry, they have closed up shop.

The WITNESS: I believe, with the exception of one main building and several small ones that plant belonged to the Canada Car and Foundry Company.

Mr. BLACK: That is what I wanted to know. We had disappointments there; that these buildings were built under government auspices and not made available for post-war industry, with one exception; and I want to compliment Mr. Berry and his associates for the building at the airport where a new industry was established. I believe it is now getting underway, they are making insulating material. On the other hand, I have a direct quarrel with Mr. Berry and his officials with respect to the disposition of the machinery which was moved by War Assets, or owned by the Department of Reconstruction and Supply. The aeroplane industry has completely closed down. Some of the buildings were built by government money and the equipment put in there to a large extent came out of government funds. They had about 3,000 employees there at one stage. Some of these workmen started industries in the town on their own initiative and with their own capital, and there were certain machines they wanted, that they were familiar with, that they had worked with. I spoke to Mr. Berry himself, and I spoke to some of the other officials. I have no quarrel with Mr. Berry, because I presume he has so much other work to do that he could not give personal attention to a small matter of that kind. But this machinery was all shipped out of the town of Amherst to other provinces, and these new industries which were trying to establish themselves in Amherst, and which would provide employment for two or three thousand hands, could not get one single bit of this machinery which was shipped right out of the province. The people of Amherst have a grievance and I have a grievance with respect to the matter. As a specific example one of the new industries they are starting is a refrigerator plant. In connection with that they wanted to obtain a mechanical shears for cutting plates. They asked for it, and I also asked for it on their behalf; but that machine was shipped away, and they were not able to get it. They could not get any cooperation at all. This new industry is now being established in a warehouse. I got in touch with the Department with respect to the equipment which they had asked for; and, as I say, we got no cooperation at all, we could not get this equipment. Mr. Probe brought up the matter of the Amherst industry, and I agree that this may not be the proper place to interject any reference to this particular situation at Amherst.

Mr. BENEDICKSON: I think that is a very important subject that we might follow up to try to determine what bids were offered for the equipment of the sort referred to taken out of one district, out of one particularly, like Nova Scotia, which is intent on the construction of industrial development, and moved into another area. Speaking for myself, I think we should get some facts. I do not think we should have any such general allegation without pursuing it. To me it is a serious matter and I would like to know the facts as to what bids were offered.

The CHAIRMAN: Well, gentleman, perhaps I was biased in allowing Mr. Black to continue, in view of the fact that he is from Nova Scotia: but I do want to say that if we are going to make any headway we will have to stick to the subject under discussion.

Mr. PROBE: Mr. Chairman, I submit this is a subject which needs discussion.

The CHAIRMAN: That is not the point, it is not the subject matter under discussion before the committee this morning. The matter we should take up was settled definitely by the steering committee, as you will see from your report.

Mr. PROBE: Then I take it, Mr. Chairman, that we can come back and ask for Mr. Berry's remarks on this matter later on.

The CHAIRMAN: Certainly, but this morning we are dealing with real estate and buildings, let us clear that up.

The WITNESS: I will be very pleased to submit a statement on the Amherst situation.

Mr. MCGREGOR: It would also be a good idea to find out whether all the stuff was really sold and why it was shipped to some other place and why it was put into storage, and what was the cost of storage and what was the cost of moving it.

The CHAIRMAN: Mr. Berry said he would prepare a statement on that.

Mr. LALONDE: We should also have a statement as to priority.

By Mr. Murphy:

Q. Page 3, the second last paragraph, (a) under 8:

Such land and buildings, unless otherwise directed must be appraised wherever possible by two independent appraisers, and the sale price fixed in accordance with such appraisals.

What concerns me is this, do such appraisals apply to all buildings in group 1?—A. I think I can clear that away. 8 is really a sub-group of this group. If you will read paragraph 8, it says:—

8. Industrial lands and buildings which are to be disposed of to specific industrial companies in the national interest as directed by the Department of Reconstruction and Supply.

By Mr. Stewart:

Q. Could you give us examples of such buildings?—A. I cannot think of one immediately.

Q. Perhaps you could tell us what this group are?—A. What might happen, you see, the Department of Reconstruction and Supply, at the time of the original sale or some other body appointed by them, to study such a situation might make a special recommendation to us that a certain building should be sold, that a certain company proposed establishing themselves in that area, and that in their view that would be a desirable industry in that area. In a case like that I could not offer such a building for sale by public tender, so I have to take some other method of setting a fair price. To set that fair price we have two appraisers; so we are working under the policy set out previously in paragraph 1, (a) and (b).

Q. Can you tell us at some future meeting what lands and buildings were disposed of to industrial companies?—A. I will see if I can get a statement on that.

Q. Can you tell us what was paid for the cordite plant at Transecona, near Winnipeg?—A. I am talking rather without my book and just from general knowledge at the moment. The Transecona Cordite plant—disposal of that operation was held up at the request of the provincial government pending receipt of reports from gentlemen they had appointed with a view to industrializing the area.

Q. That is correct.—A. Certain buildings have now been agreed upon which are to be held for a period pending that report on possible use for industrial purposes. As to the other buildings which it is not considered that they are likely to require we are proceeding with disposal of them.

Q. By dismantling or selling?—A. Either one or the other.

Q. I understand that some of them are dangerous buildings by reason of being impregnated with cordite acids. Are you destroying them?—A. The

disposal of any building which is found to be impregnated with acids in that way is determined by a special committee and they are either decontaminated—

Q. Or destroyed?—A. Decontaminated. They are being sold. In some cases the only effective way to decontaminate them is to destroy them.

Q. Have you had any report yet from the government of Manitoba on these?—A. Not to my knowledge.

Q. Everything is being held at the moment pending receipt of that report?—A. Everything is being held. I believe there is a letter in from the provincial government which I have not studied yet.

Q. But no further dismantling is taking place just now?—A. Yes, the dismantling of buildings other than those required by the provincial government.

By Mr. Probe:

Q. Have you proceeded to decontaminate in the Cherrier district in Montreal?—A. I could not answer that question immediately. I will provide an answer.

Q. I would like to have an answer because there are rumours to the effect that buildings are being destroyed there; buildings that are held by War Assets.

—A. That is quite possible. We have to destroy buildings where the only safe way of decontaminating that building is by destruction.

Q. That applies to the Cherrier plant?—A. Yes.

Mr. MURPHY: I just want to follow that up.

The CHAIRMAN: You are still on clause 8?

Mr. MURPHY: Yes.

By Mr. Murphy:

Q. I notice in clause 7, there, you say,

Information received in connection with the sale of buildings such as fall within this group, and any decisions as related to which is the most favourable purchaser are to be checked with and agreed by the appropriate officer of the Department of Reconstruction and Supply.

I was wondering how you arrived at who is the appropriate officer, who he might be?—A. The appropriate officer—I stand to be corrected on this by the Department of Reconstruction and Supply—the appropriate officer was the Director-General of Industrial Reconstruction; but I believe that position has since been abolished.

Q. Would he be the one?—A. There is now somebody in charge of the Regional Reconstruction Councils, and our contact would be with him at the moment.

Q. Would he be the one to make the decision respecting any one of these categories?—A. You mean, in section 8?

Q. Yes.—A. Yes, in consultation with his other colleagues in the department. Again I stand to be corrected on that by the Department of Reconstruction and Supply.

Q. That is quite all right. I was wondering if you would have any idea as to the amount involved in this, in dollars and cents?—A. I do not know, off-hand.

Q. Would it be much of a job to get it?—A. I do not think it comes to any considerable amount; we can try and get it out. And by the way, I would like to point out, Mr. Chairman, that we are digging out an awful lot of stuff at the moment and it is taking up a lot of time of the members of the corporation. I have no objection to that, but I thought in fairness to my organization that I should point it out.

Q. Mr. Berry says it may not involve a great deal of work. Then there is another point under (a) Mr. Berry—two independent appraisers; they would not be government employees in the department?—A. No, they are outside appraisers, and we pay them a fee for doing the appraisal.

Q. And you have appraisers in each of the provinces?—A. In most cases one of the appraisers appointed would be a well-known appraiser in the province, a man with general knowledge, and possibly one local man from the town where the appraisal is being made, so that we would be able to have the over-all aspect and the local aspect as well.

Q. You would not have an appraiser from Ontario going out to the prairies, or down to Quebec, or Nova Scotia?—A. My director here (Mr. Dinsmore) tells me sometimes as a check, yes.

By Mr. McCullough:

Q. Following up the question just asked, I notice you say, "wherever possible." Why is that put in there? It would seem to me that there is no very good or valid reason why that should be in there. I think that appraisals should be made in all cases, and, secondly, why would it not be better to have government appraisers, and probably a considerable saving in cost to the Crown. Why is that policy not followed out?—A. This is the policy we are following at the moment. I should like to have suggestions from this committee as to any improvement in that policy.

Q. I am making one. In the first place, could Mr. Berry tell me exactly why in all cases there are not appraisals made; that is what this clause suggests, that in some places there are not appraisals made?—A. I think we state here that appraisals are made on anything coming within this category. That "wherever possible" I think applies to independent appraisers rather than to the appraisal itself. If we got into some remote district it might not be possible to get an appraiser there without very considerable expense. There may be a local man whom we could use. I have to leave a certain amount of discretion to the officers of the corporation in these matters. I cannot lay it down positively that they must do this, or that they must do that, and leave them so bound that they cannot possibly fulfill the terms of policy.

Q. Mr. Chairman, I think this could be a very serious thing, that is, it would be a reflection on the corporation if the disposal of a certain building was made without a proper appraisal; and, surely, it falls back on you as chairman of the corporation as being responsible for such disposals; it seems to me that since a lot of these buildings are very costly a definite appraisal under the proper authority should be made.—A. That was the policy we attempted to follow and we are trying to follow on buildings in this category, to see that we get a proper appraisal.

By Mr. Murphy:

Q. Just one more question, Mr. Chairman, and I am through with this. These independent appraisers whom you employ, are they paid a flat fee for each appraisal, or is it on a commission basis according to the appropriation value; how are they paid?

MR. DINSMORE: They are paid on the basis of the Real Estate Board appraisal rate for that particular district, if there is a board. For instance, in the city of Winnipeg we have five or six prominent real estate firms and we adhere to their tariffs. We vary, we do not employ the same one all the time, two this time and two another time.

Q. Could you give us an idea, suppose they appraised a building at \$1,000,000, what the fee would be?—A. (Mr. Dinsmore) I haven't got the rates

here just now, but I could get them for you. I could, however, tell you what is paid in Toronto, a town with which I am familiar, without any difficulty. It is one tenth of one per cent in Toronto.

By Mr. McCullough:

Q. Mr. Chairman, I had a return last year on Research Enterprises building. I happen to have the report here today. Could the witness tell me, an appraisal was made on a certain building there, who made that appraisal?—A. I haven't got that information with me, but I shall be pleased to see that an answer is provided for you.

By Mr. Stewart:

Q. I have one further question, Mr. Chairman, which I should like to ask the witness, in subsection (c) to section 2, reference is made to the standard applicable rate of depreciation; can you tell us what that rate is?—A. That is the rate established by the income tax authorities.

Q. Two and a half per cent?—A. Whatever it may be, I understand the rate varies with the type of building, up to five per cent on some buildings.

By Mr. Murphy:

Q. The other witness, Mr. Dinsmore, spoke about Toronto appraisers. I gather from what he said that the fee would be based on the value placed on the land and buildings, or on the building itself, as the case may be; suppose the valuation arrived at was \$1,000,000, the appraiser would then get \$10,000 as his fee?—A. (Mr. Dinsmore) No, \$1,000.

Q. One-tenth of one per cent?—A. (Mr. Dinsmore) Yes, sir, that is, of course, in the case of a large survey. Very often we get a lot of it done ahead of time on a flat rate; but on the average property we get .1 per cent.

Mr. MCGREGOR: It might be a good idea if they went through these appraisals and gave us a list of them from one end of the country to the other, so we would know what had been paid, or what had been received by appraisers up to date.

The WITNESS: That could be prepared.

The CHAIRMAN: If it is going to serve any good purpose it might be prepared; but again I say what I have said repeatedly in the past, I do not want to see our minutes cluttered up with a lot of information that is not going to be of use.

Mr. MCGREGOR: That might be your interpretation of what is a good purpose.

The CHAIRMAN: Certainly, I quite agree. Does the committee wish the list compiled?

Mr. MARIER: I do not see any particular necessity for it.

Mr. SMITH: Why could we not have it done for one particular city.

The CHAIRMAN: Take any city you like.

Mr. SMITH: Let's take Toronto, that would not be a heavy job.

Mr. MCGREGOR: How big a job is this? How many appraisers have we got in this country? If it is going to be too big a job, then let them give us that information with respect to Toronto, that would give us an idea.

The CHAIRMAN: That is about the biggest city there is.

Mr. MCGREGOR: List the appraisers in Toronto and how much they received; and if it is not going to take any great amount of work to cover the whole country, then let us have it. How many have we got? Are there three or four thousand of them?

The WITNESS: There are these questions to be answered.

Mr. MCGREGOR: You probably know how many there are, have you got that?

The WITNESS: No, I could not tell you that offhand.

Mr. MCGREGOR: I know, but in your statement in front of you there. Or, don't you want to give it?

The WITNESS: I will be glad to do the work to clear that up.

Mr. McILRAITH: Just let's clear this all up. What reason is there for a witness here having to stand for an attack like that from a member of this committee. Just because at the moment he is not able to tell you the number of appraisers employed by the corporation. How could the head of this corporation be expected to know the number of appraisers employed all over the country? It is just another case—surely the witnesses being brought before this committee have the right to expect a little bit of courtesy, a little better treatment than is being accorded to this witness in this case, particularly from members of parliament. Surely, we as members of parliament and members of this committee have a little better standard of conduct than that.

Mr. MCGREGOR: It is just as I said before on different occasions. I am not blaming the witness, but you know what that means.

The CHAIRMAN: What does that mean?

Mr. MCGREGOR: It means exactly what I said; that the witnesses are here and the witnesses are asked to come here, and the witness does not bring any stuff with him to answer questions which he knows will be asked, he does not bring it—and if he does he does not produce it and the reason he does not produce it is because he is told not to do it by the chairman.

The CHAIRMAN: Mr. McCullough, you are next. I am going to call on you at once. No reply is necessary to a statement such as that. I think the members can form their own opinions; except for me to say that the very words used by Mr. McGregor are a contradiction in themselves; he says, I do not blame the witness, he does not bring the information with him. Who else are you going to blame in that case?

Mr. MCGREGOR: The chairman.

The CHAIRMAN: The chairman has repeatedly stated that he does not interfere in any way with witnesses who appear before this committee; he has never given them any instructions in the past, on this occasion, nor will he do so in the future, to withhold any information required.

Mr. MCGREGOR: Why don't you answer the questions that I asked them?

The CHAIRMAN: Why don't I answer the questions?

Mr. MCGREGOR: Or why don't you permit them to be answered?

The CHAIRMAN: Oh, well—Mr. McCullough.

Mr. McCULLOUGH: Mr. Chairman, I do not want to be discourteous to any witness, none of us are here for such a purpose; but I do feel that if we are going to serve any useful purpose, that if any member of the committee feels they want information it should be forthcoming.

The CHAIRMAN: We are all agreed on that.

Mr. McILRAITH: Yes, we are all agreed on that.

Mr. McCULLOUGH: Since rumours are abroad that many of the prices received for assets of crown corporations partake of the nature of fire sales prices, going to private corporations at ridiculous figures, I think we are entitled as members of this committee to have certain information, and I for one feel that to get to the bottom of this we should have the names of these appraisers, and further information as to their cost and their connections, because some of us

feel that the idea has gone abroad throughout the country that things are not just as clean as they should be; and I thought that Mr. Berry and the corporation would be just as anxious as we are to have the fullest possible information brought before this committee and in that way it be made available to the public; that if the corporation is in the clear they would want that information to come before this committee.

The WITNESS: Mr. Chairman, may I ask for an explanation of the phrase used by the member who has just spoken—"things are not just as clean as they should be"?

The CHAIRMAN: Mr. McCullough, Mr. Berry asks that you enlarge your definition, he would like to know just what you meant by the term, "are not clean"?

Mr. McCULLOUGH: Well, as an example, we have certain policies set up in this disposal of crown corporations and crown plants for their own protection. Now we are disposing of them and all we wanted to feel is that the form of policy being followed is justified, and that if they are destroyed because no better use could be made of them for peacetime purposes, well and good. Further, take some of the research buildings, No. 14 for example, which was disposed of at far below cost to the Canadian taxpayer; we want to know the justification for such a disposal. I know that the corporation and the government have legalized everything that has been done, but we want to know just how they have done it.

The WITNESS: That still does not meet my request as to what you meant by the term "are not clean."

Mr. SHAW: Mr. Chairman, it is the policy of the corporation and the government, I would take it, to endeavour to secure appraisers from the areas in which the crown assets are located. Is that a correct assumption, that you do endeavour to secure them from nearby points?

Mr. DINSMORE: Yes, if available. Quite generally in the rural districts across Canada we use the Canadian Farm Appraisals Board, we use them at every point at which they have offices.

Mr. SHAW: The only point I am trying to get at is, there would be no question of taking an appraiser from central Canada up to the western provinces?

Mr. McILRAITH: The reporter could not get your answer, you indicated a negative?

Mr. DINSMORE: No. We use the appraiser in the local district as far as we possibly can.

Mr. MURPHY: This group 1 deals with properties only that have gone to War Assets, they have no relation to properties disposed of by the department prior to War Assets having come into operation; is that right?

The WITNESS: This policy has developed as we have gone on. It was originally established in relation to the War Surpluses Branch which was originally part of the Department of Reconstruction and Supply. All sales that were made by the war surplus branch were documented through War Assets Corporation. The war surplus branch really acted as an agent for War Assets Corporation in conducting the deals. Do I make myself clear?

Mr. MURPHY: Prior to War Assets coming into operation how were those buildings disposed of, or does that come under this category, group 1?

The CHAIRMAN: It does not, as I follow it.

Mr. MURPHY: This is just since War Assets took over?

The CHAIRMAN: This refers to properties disposed of by War Assets Corporation.

Mr. McCULLOUGH: In reply to Mr. Berry, he said I did not give him the answer. I want him to recognize that it is not my statement or my feeling

exactly. I am just after information. I referred to press statements and the general rumours that come to us that things are not just—I used the word “clean”. I am not referring to Mr. Berry, but just to these rumours.

The WITNESS: I would like you to say you did not refer to the corporation rather than only not to me.

The CHAIRMAN: Shall we pass on to group 2?

Mr. COTE: Are we clear as to what has been required from the witness as a statement on the number of appraisers, names, and so forth?

The CHAIRMAN: If I were asked after the meeting I would say, “Mr. Berry, you are expected to prepare a list of appraisers and the appraisals made in so far as the district of Toronto is concerned.”

Mr. COTE: In view of the question put by Mr. McCullough some little time ago I would ask the witness if it would be possible to give us an instance where the corporation could not secure two appraisers on account of the remote distance or something like that, in order to make it clear that when you had to make an appraisal through one appraiser it was because of force of circumstances you had to do it. One instance would give a good illustration.

Mr. DINSMORE: We find in some of these, shall I say, smaller localities where a manufacturing industry has been set up that there is not any local real estate man at all so we have to go to the nearest city. An example of that might be Buckingham, Quebec. There is no local appraiser there so we get them from Ottawa which is about twenty miles away. The same would apply to Renfrew where there is a small manufacturing building there. We have to go to Ottawa. Occasionally you will find one man only in the whole district if it is quite isolated. Incidentally, there is not so very much demand in these districts for property.

Mr. PROBE: The appraisal fees are pretty well passed around? They are not given to one firm?

Mr. DINSMORE: I can say definitely they are well distributed.

By Mr. McCullough:

Q. I should like to ask Mr. Berry if in any case the buildings and equipment were appraised together, that is, by a composite appraisal and disposed of as such?—A. I did not quite catch the question.

Q. I should like to ask Mr. Berry if in any case the appraisal was made of the plant and equipment as a whole and disposed of as such?—A. Yes, an appraisal has been made, but not by outside appraisers in cases like that.

Q. In those cases it would not be a real estate agent who made the appraisal? You would have technicians for the equipment?—A. Right.

The CHAIRMAN: Group 2.

The WITNESS:

GROUP 2

Industrial Lands and Buildings which are not restricted under the conditions outlined in Group 1 above, but the sale of which may be subject to direction by the Department of Reconstruction, in accordance with development policies.

The lands and buildings department, Montreal, on notification from the Department of Reconstruction and Supply will develop the necessary mechanics in offering for sale to the public, making it clear in advertising that the proposed use to which the building is to be put will be a determining factor in considering any offer to purchase. After receiving and opening any offers received and submitting these to the appropriate officers of the Department of

Reconstruction and Supply for final decision, the lands and buildings department will after any further negotiations which are possible and appear necessary, document the sale accordingly. Should, however, no sale result from the foregoing procedure, the procedure as set out in Group 7 below will be followed.

By Mr. McGregor:

Q. While we are on that, I see that these proposals are submitted to the Department of Reconstruction and Supply. For what purpose?—A. For the selection or recommendation of the best type of industry or the most favourable employment or factors of that kind, so that those factors may be taken into consideration in the sale of the building.

Q. And then you have the final say?—A. No, the final say might well be with the Department of Reconstruction and Supply.

By Mr. Stewart:

Q. In that case the corporation itself does not negotiate the sale?—A. The corporation itself would negotiate the sale in this way, that if the people considered the most suitable by the Department of Reconstruction and Supply have not made the high bid then it is possible that War Assets Corporation will go to these people and attempt to negotiate a bid equal to the highest bid received.

Q. But the Department of Reconstruction and Supply decide very often as to who the purchaser shall be?—A. That is correct.

Q. And it is not the responsibility of War Assets Corporation?—A. Right.

Q. That brings up a question I asked earlier about the minister. The department really has the power to sell apart from the corporation? That happens here?—A. While the minister has the power to sell he will make recommendations to the corporation as to whom the building shall be sold to after we have gone through the mechanics.

Q. You do the paper work whereas the department does the selling? You negotiate the sale after it has been decided by the department?—A. After we receive the recommendations of the department as to whom it should be sold to we negotiate the sale.

Q. But the corporation itself cannot decide as to whom it is going to go?—A. No, not in a case like this.

By Mr. Probe:

Q. But in a case of that sort you would under no circumstances permit a sale at a price below the highest bid received?—A. We might possibly sell at lower than the highest bid received.

Q. But you cannot justify that on commercial grounds?—A. You could possibly justify it under any one of the clauses that are outlined in No. 3, will it increase the possibility of employment, provide for the manufacture in Canada of a new product previously imported, and so on.

Mr. GOLDING: You would not want a situation where they could not get a building when they were going to create employment and give work. You would not want to sell it to somebody for a warehouse.

The CHAIRMAN: Gentlemen, I am anxious to keep order, and I am anxious to allow members who show the proper attitude to stand and make known their desire that they should be given an opportunity to speak. Mr. Smith, I think you have been trying to get the floor.

By Mr. Smith:

Q. I wonder if I might summarize this. As I understand it you have a building for sale and you have several bids on it from different people. Then you consult the Department of Reconstruction and Supply, and they tell you first

to whom it may be sold. Let us start first with several people wanting it for the same purpose, the same kind of manufacturing job. What determines the person who shall get it? Is it the Department of Reconstruction and Supply?—A. Yes, they would make a recommendation. It is highly unlikely there would be three persons wanting to carry on the same type of manufacturing.

Q. Let us say two.—A. Two then; we would ask the Department of Reconstruction and Supply for their recommendation on this.

Q. Let us assume that one of the bids was \$500,000 and the other one was \$475,000. Is it possible that the lower offer might be accepted?—A. It is possible. We of the corporation would make every endeavour to get the \$475,000 purchaser up to the \$500,000 mark.

Q. You would coax him but on the other hand if he knew that he had been picked out as being in the top drawer he would be a chump to pay you the other \$25,000, would he not? It is good common sense.—A. Yes, I think in a case like that we would refer the matter to the Department of Reconstruction and Supply.

Q. Now we will take another proposition. We will say you have a building and somebody offers you \$500,000 for it, and we will say that their purpose is to make nails. Another fellow offers you \$400,000 for it and his purpose is to make leather, or something else. Now, you refer that to the Department of Reconstruction and Supply and you tell them the offers you have got?—A. Yes.

Q. And then the Department of Reconstruction and Supply comes back and says, "We think nails are a good thing to be manufactured there", and you would accept then the lower offer of the two, granted the nail man was the lower offer?—A. If the nail man was the lower offer we would attempt to get him up to \$500,000.

Q. You would not get very far, would you?—A. Before we accepted the \$400,000 we would go back to the Department of Reconstruction and Supply and tell them to make absolutely sure that the other factors outweighed the sale of the building at \$400,000 as compared to the \$500,000 bid.

Q. All right. What I am getting at is this. It comes down to the Department of Reconstruction and Supply with \$100,000 cash in this hand. That is the difference between \$400,000 and \$500,000. Then over here they have some considerations and they say whether or not those considerations offset that \$100,000 cash?—A. I would say that is a fair statement.

Q. I want to go back to the situation where two people want to carry on the same business and you have different offers. There the Department of Reconstruction and Supply tells you to whom to sell? That is the simple fact, is it not?—A. I prefer the word "recommend".

Q. All right, let me use your word. I am not sensitive. I am anxious to be agreeable. They recommend to you that you accept the lower offer?—A. Correct.

Q. Then you go back and say, "Now, here, reconsider this." Am I correct so far?—A. We go back to the man who made the lower offer and we say, "Look, we can sell this property to you at so much money. Are you prepared to increase your offer?" If he increases his offer then everything is all right. If he does not increase the offer why—

Q. We will stop there for a moment. He increases his offer and he offers the same amount of money as his competitor?—A. Right.

Q. So that the Department of Reconstruction and Supply choose the individual who is going to operate that plant by permitting him to increase his offer equal to that made by his opponent?—A. They choose the industry rather than the individual.

Q. I am speaking of a single industry now. We have got down to one industry. I covered the other. There is one single industry.—A. I do not think that case has even arisen.

Q. But it can arise from this policy, can it not?—A. Any one of one hundred situations could arise within the policy.

Q. Agreed, but including the one I mentioned. I am not interested in the other ninety-nine.—A. Yes.

Q. So that this is true, is it not, that it lies not with you but with the Department of Reconstruction and Supply to say finally whether A, B or C shall have one of your properties? Is that correct?—A. We are not responsible for the industrial reconversion of the country. War Assets Corporation is not. I think the Department might be considered as being partially responsible.

Q. I was not being critical of you. In fact I am trying to protect you and to say that you do not do that, it is the Department of Reconstruction and Supply which says under any given set of circumstances whether A, B or C shall get that property?—A. Correct.

Mr. GOLDING: Let us take the specific case where we have two men wanting to engage in the same line of business. They go to the Department of Reconstruction and Supply and they make an offer on a certain building. We will say that one offer is \$500,000 and the other offer is \$475,000. It seems to me that in the first place the duty and responsibility of the Department of Reconstruction and Supply would be to get all the information they could about these two individuals as to whether or not they are going to make a success of it. You could get an individual who would make you an offer of \$500,000, but you would know from his past record that he would never make a success of the business at all.

Mr. SMITH: Where would he get \$500,000 then?

Mr. GOLDING: Never mind; they are not all paid for in cash.

Mr. McILRAITH: Some are wanted for warehouses.

Mr. GOLDING: Some want them for one thing and some for another. Let us assume that these two men are going into the same business. You might know from one man's record that he would never make a success of the business. The thing that would be uppermost in the mind of the Department of Reconstruction and Supply would be to get a business in the municipality or town or city that would give employment and where they would be sure that the man who was heading that organization was a man with a sound business policy and common sense and would make a success of it. Which of those two would the Department of Reconstruction and Supply take?

Mr. SMITH: Just a moment; Mr. Berry is not in a position to answer questions on behalf of the Department of Reconstruction and Supply. I appreciate very much the defence Mr. Golding is putting up in the form of the question but I submit that this witness cannot answer for the Department of Reconstruction and Supply.

The CHAIRMAN: I was giving Mr. Golding the same leeway I gave you in building up a case as to two individuals who had made a bid.

Mr. SMITH: May I make my objection clear? He finally asked the witness this question, which of those individuals would the Department of Reconstruction and Supply accept, and the witness obviously is not competent nor anxious, I am sure, to answer questions for the Department of Reconstruction and Supply.

Mr. McILRAITH: If I may interject on that point, are we to understand that the answers given to Mr. Smith's questions on that point are also to be stricken out?

Mr. SMITH: Certainly not; they are entirely different questions.

Mr. McILRAITH: You put the same proposition to the witness as to what the Department of Reconstruction and Supply would do and you accepted the answers. You did not reject them and ask that they be stricken off.

Mr. SMITH: With great respect, Mr. Berry said it was not his responsibility; it was the responsibility of the Department, and then I sat down. I cannot ask him about the Department of Reconstruction and Supply.

Mr. McLRAITH: I am suggesting that you did as to the offers of \$400,000 and \$500,000. You asked him what the department would do in those cases?

Mr. SMITH: I asked him what he might do, and he said he would get certain instructions from the Department of Reconstruction and Supply, or recommendations.

Mr. McLRAITH: The record will bear one or other of us out on it.

Mr. SMITH: Then we had better leave it at that.

Mr. McLRAITH: In any event I understood you had gone a step further.

Mr. GOLDING: I just want to put this to the committee. I want to get the committee to see the position that the Department of Reconstruction and Supply is in. I am not a lawyer but I do know something about business and have had some experience as to losses that were incurred by getting someone who was not able to manage and run a business. It was most unfortunate. It was in connection with our town. We guaranteed the bonds of these people and we made an awful mistake. We were advised later on it. You might get a situation where two people would come to you and you might find one of them was a man in whom you would have no confidence at all to take over, manage and run a business, and give work to employees in an industry. Then, which are you going to choose? These are problems, and I would say immediately that the Department of Reconstruction and Supply was doing the proper and right thing to give advice in a case of that kind to the War Assets Corporation in the interests of the people and everybody else.

By Mr. Probe:

Q. Assuming that a deal has been made on some such basis as has been outlined here, does War Assets Corporation on culminating a deal assure itself under a contract that this newly acquired industry is going to be operated in the good faith that was expressed prior to the deal being made, or is the deal complete? May a company which has a good business record use its own judgment as to whether it will continue the business or open the business or close it down and do the work in another plant at some distance away, and thereby prevent a competitor getting into the field? What safeguards are there in the contract of sale?—A. I think I can stay in all cases sales of this type are covered by sales agreements, and as many clauses as possible outlining the guarantees given by the purchaser are included in the agreement for sale.

Q. Have you recourse in case the terms of the agreement for the use of the plant are not implemented? Have you recourse then?—A. That I could not tell you, not being a lawyer.

Mr. SMITH: Do not ask me; I am not either, just a police court lawyer.

Mr. SHAW: I think we may well conclude that once the agreement has been consummated, once War Assets Corporation has been paid for the enterprise, they have no control whatsoever over the buyer. I would assume that is the logical conclusion to draw. Would Mr. Dinsmore agree with that?

Mr. DINSMORE: I do not see how it is possible to do more than take ordinary precautions in an agreement, but as to how you could enforce the agreement afterwards it is beyond my ability as an ordinary real estate man to say. If any lawyer can draw it up and enforce it I think he would be pretty good.

Mr. PROBE: That is a point I think is germane to the discussion. I rather suspect some of these plants are not going to be used for the purpose for which they were ostensibly purchased and are likely to be closed down to prevent competition. I think that is a fair assumption.

Mr. MCGREGOR: There is just one point I want to clear up. I must say I have had a different understanding of the whole setup of the War Assets Corporation until a few moments ago. I understood that the War Assets Corporation was running on their own independently of any political or government organization.

The CHAIRMAN: What do you mean by "political organization"?

Mr. MCGREGOR: All right, call it what you like. I say that was my understanding. Now we find on page 4 of this brief about three-quarters of the way down there is this statement:—

After receiving and opening any offers received and submitting these to the appropriate officers of the Department of Reconstruction and Supply for final decision.

I want to know if that is right or wrong.

Mr. MARIER: I wanted to know if Mr. Berry as a matter of fact has received two or three offers for the same building to be used for the same business. Mr. Smith has put hypothetical questions. I should like Mr. Berry to say if he has received offers from two or three people for the same building to be used for the same business.

The WITNESS: The question is what would I do?

By Mr. Marier:

Q. No, did you receive, as a matter of fact, more than one offer for the same building to be used for the same kind of business?—A. To my knowledge I do not recollect one.

Q. Because Mr. Smith has asked if you were in the position of having two people offering for the same building at the same time to use it for the same business what would you do? I want to know if you have received more than one offer for the same business in the same building?—A. To my personal knowledge I will answer no, but I will have the records looked through and see if I need to correct that answer.

The CHAIRMAN: In view of the remarks made by Mr. McGregor I think we should have on record a statement that War Assets Corporation, as I understand the Act, is responsible to the minister and the minister naturally is responsible to the Crown. There is no such thing as political dictation as far as the Department of Reconstruction and Supply and War Assets Corporation are concerned. I think that statement should go on the record to offset any misunderstanding that might arise from the reading of Mr. McGregor's remarks in the record.

Mr. McILRAITH: It is covered by the Act. The Act is specific on the point.

Mr. MCGREGOR: I am just telling you that was not my interpretation of it. I understood that War Assets Corporation had clear instructions to go ahead and sell their stuff independently of any department of government.

Mr. McILRAITH: The law is all set out in the Act respecting Surplus Crown Assets as passed on the 30th of June, 1944, and particularly in section 12. Section 12 reads:—

(12) Subject to general or specific instructions given by the minister, the Corporation may, when so directed by the minister (a) sell, exchange, lease, lend or otherwise dispose of or deal with surplus Crown assets.

It goes on, but there is not much point in reading the whole section. That point is quite clear in the Act. It is specific. There should not be any confusion about it.

Mr. MURPHY: I think the last statement probably tends to clear up in a way what Mr. McGregor had in mind and emphasizes what is set out on page

4 of the brief. As I understand it the point was that Mr. McGregor had the idea that War Assets Corporation was not obligated to take advice or suggestions or recommendations from the Minister of Reconstruction and Supply.

Mr. MCGREGOR: Or his officials.

Mr. MURPHY: I think in fairness to Mr. McGregor, Mr. Berry has admitted that and it is here on page 4 of his brief, that when there is a case which requires the decision of the minister he acts upon that recommendation, as he admitted.

The CHAIRMAN: What is your point?

Mr. MURPHY: Mr. McGregor's question.

The CHAIRMAN: We do not question as to what you have just said, but it was pointed out by the chairman that this is covered by the Act. The responsibility rests with the Minister of Reconstruction and Supply, who is responsible, of course, as you know, to the Crown.

Mr. McILRAITH: Perhaps it would be helpful if I read part of section 10 of the Act. Section 10, subsection (1), reads:—

There shall be established a corporation to be known as War Assets Corporation.

Then the subsections go on dealing with the number of directors, and so on. Subsection (6) reads:—

The Corporation shall be responsible to and be subject to the direction and control of the Minister.

I think that is clear.

Mr. MCGREGOR: All right. I will ask one more question as far as that is concerned. How far does this paragraph go in regard to the sale of other articles?

The WITNESS: I think I can reply to that specifically by saying this policy is related to real estate and buildings as stated.

By Mr. McGregor:

Q. Pardon?—A. As stated, this policy relates to the disposal of real estate and buildings.

The CHAIRMAN: Group 3.

The WITNESS:

GROUP 3

Multiple Tenancy Buildings

When an industrial building is ear-marked by the Department of Reconstruction and Supply for multiple tenancy, the lands and buildings department will proceed as follows:—

- (a) Real estate brokers and others considered to have the necessary experience are to be requested by letter to state their qualifications, experience and facilities if they desire to apply for the management of the multiple tenancy property.
- (b) The terms under which the application for management will be considered will be set out in the letter to prospective management firms. Fees payable by the Corporation will be established as the minimum local real estate board rate for managing industrial property, but no leasing commissions will be payable to managing agents.
- (c) The managing agent may pay at the expense of the Corporation a maximum amount of half the regular real estate board fee for leasing industrial space to any broker or agent who negotiates and completes a lease accepted by the Corporation.
- (d) No commissions will be paid to anyone for renewing leases.

- (e) The managing agent will collect all rentals or charges for services, employ all necessary help, pay all accounts, wages, etc., make all necessary deductions for income tax and unemployment insurance, draw up all leases on approved forms developed by the Corporation, arrange for the placing of any necessary insurance, supervise all repairs and alterations and submit a return to the Corporation before the 10th day of each following month, showing in detail the result of the operations of the preceding month together with a remittance covering any accumulated credit balance.
- (f) The Agency Contract will be subject to cancellation by the corporation on thirty days' notice and the agent's books must be open to inspection by auditors of the Crown and a Fidelity Bond furnished if requested.
- (g) Before renting is commenced a survey of the property is to be made and a tentative layout of sub-divisions planned. In so far as possible all existing facilities are to be incorporated into the new layout so as to keep down costs in new construction.
- (h) Lists of application for manufacturing space accumulated in advance by the lands and buildings department, the local industrial commissioner, the Department of Reconstruction and Supply and any others are to be consolidated. A questionnaire is then to be sent to applicants notifying them that space is available, inviting inspection and requesting pertinent data as to the nature of the occupancy, area required, number of anticipated employees, particulars as to insurance rates, financial standing, requirements as to live steam, gas, railway siding, etc., and other pertinent data.
- (i) Applications received are to be submitted to a screening committee, two members of which are usually to be the local industrial commissioner and the local representative of the Department of Reconstruction and Supply. In Montreal, the Director of the Lands and Buildings Department is also to be a member.
- (j) All applications regarded by the screening committee as meeting the requirements of the multiple tenancy objective are to be passed to the managing agent who will endeavour to fit these applications into the available spaces and negotiate leases.
- (k) All leases are to be synchronized to expire on the same date. This date is to be set to give most tenants an assured occupancy of at least five years. (The reason for this is that responsible tenants can hardly be expected to set up manufacturing machinery for a lesser period of occupancy and, on the other hand, this gives the corporation a reasonable period of time to write off from earnings at least a considerable part of the expense of dividing and building into areas suitable to multiple tenancy. Additionally, if the property is sold for future occupancy, possession of the entire plant can be secured at one time.)
- (l) Records are to be set up at head office in Montreal covering multiple tenancy operations. All revenues and expenditures are to be recorded as instructed by the comptroller, month by month as they are sent in with the various items broken down into sub-heading for comparison purposes. If, as and when buildings are established as multiple tenancy projects, similar methods are to be pursued unless such multiple tenancy operations are conducted as part of a plant operated and part occupied by an agency of the crown, other than War Assets Corporation.
- (m) The managing agent is to work in close co-operation with the lands and buildings department and refer to it for approval, all matters involving contracts or expenditures of a nature which cannot be defined as normal operation. Copies of all leases are to be held by the lands and buildings department.

- (n) In the selection of a managing agent the governing factors are the personnel which the agent can make available, the amount of personal attention which will be given and the previous experience and standing of the firm selected. Rental rates are to be set at or below the rates set by the rentals administration of the Wartime Prices and Trade Board and it is part of the agent's contract that all labour codes will be adhered to.

Mr. COTE: Mr. Chairman, I hope this committee will give me a few moments at this stage to compliment the corporation on the most happy and effective way they have enforced this particular policy in Verdun. I refer to Verdun because the committee members are aware of what has taken place there in connection with the visit they made last week to the Verdun Industrial building. I happen to represent that particular area, and I feel that it is my duty towards the corporation and the Department of Reconstruction and Supply to tell you, Mr. Chairman, that the people of Verdun and the outskirts of Montreal generally, will derive a great benefit from the setting up of this multiple-tenancy occupancy of that building in Verdun. As Mr. Probe has mentioned, this is an illustration of decentralization to a certain extent. In Verdun there was no industry before, so this policy helped to bring to Verdun the decentralization from the Montreal industrial area of many industries such as those we saw in that building during our visit there last week. Close to forty industries are now operating, not all full time yet, but most of them will be before long, and they will provide employment to around four thousand people in contrast to the employment of seven thousand by the industry which formerly occupied the premises. I think the members will agree with me from what they saw at the plant that the Corporation and the Department of Reconstruction and Supply deserve credit for what has been done there. There are one or two other plants in the Montreal area which are being converted along similar lines. Perhaps the witness could give us some information about them? Could he give us any information as to what is taking place at the John Inglis plant in Toronto, for one; and at the Montreal Works for another; and, whether or not there are other cases of a similar nature which are being developed.

Mr. BLACK: Before Mr. Barry answers, it seems that it is in the Montreal and Toronto areas where they are to reap the benefit of the application of this policy, where new industries are being established. I was wondering if by some happy circumstance that policy could be extended to our province, more particularly to Amherst, where there are a number of large buildings, particularly those situated on the grounds of the Canada Car and Foundry Company. They are provided there for aircraft production, and I think I am safe in saying that they have as fine a record in the building of planes as perhaps any other place in Canada. But Mr. Berry and his corporation, and the Department of Reconstruction and Supply, have been unable to establish any new industry there, while in Montreal and Toronto all premises are apparently being occupied. I would like Mr. Berry when submitting the report asked for by Mr. Cote would also make a report in respect to the Canadian Car and Foundry plant at Amherst and what has been done with that, and if it has been sold or is still owned by the government; or whether it has been handed over by the department as surplus to War Assets.

The CHAIRMAN: I felt reasonably sure, Mr. Black, that you would present the Nova Scotia side of the picture, that is why I allowed Mr. Cote to go as far as I did. Mr. Dinsmore may be able to tell us something about that.

Mr. DINSMORE: As regards the Canada Car and Foundry plant at Amherst, nothing has been done yet on that because unfortunately for us all these buildings are situated on land owned by the Canada Car and Foundry Company, and they won't sell us the land. So, what are we going to do, remove the

buildings? We can't go in on their property, we can't expropriate the land, and even if we did we would have to buy our own buildings back again. Frankly, I am rather at a loss what to do with them, and at the moment I am negotiating with the Canada Car and Foundry to see if they will buy the buildings; and even if they cannot buy them to make use of them or try to put some industry in there and let them use the buildings. Otherwise, I do not know what we are going to do.

Mr. MURPHY: May I ask Mr. Dinsmore if that was the policy of the Department of Reconstruction and Supply, to erect buildings, to make these large expenditures on land which they didn't have title to, merely under a form of agreement with the owner, and with no say as to where control of the property rested even after these large expenditures were made?

Mr. DINSMORE: I could not answer that, sir, I have not seen the contract in this case, but if it is the same as in other cases, the company would have the opportunity of buying the building at any figure the crown was willing to accept, and failing that they would have to remove the building from the land and restore the land to its original condition.

Mr. MURPHY: Has the Canada Car and Foundry Company made any offer of purchase?

Mr. DINSMORE: No, sir; not yet. I am trying to induce them to see their way clear to do so, but up to date they say they can see no useful purpose for these buildings in future.

Mr. MURPHY: They refuse to sell the land?

Mr. DINSMORE: They refuse to sell the land. As I say, we are still conducting negotiations with them. We have not finished negotiating yet.

Mr. MURPHY: Can the witness inform the committee as to the amount of expenditure involved there?

Mr. DINSMORE: There was the main hangar building, which is part wood and part steel—if my memory serves me correctly, it cost \$290,000 (in round figures). Then there was a cafeteria built, in round figures, for \$30,000; then there were a couple of smaller buildings—I cannot remember, they were quite small.

Mr. MURPHY: And there were quite considerable expenditures in some of the buildings owned and controlled entirely by Canada Car were there not?

Mr. DINSMORE: You mean, in their own buildings?

Mr. MURPHY: In their own buildings.

Mr. DINSMORE: Yes.

Mr. MURPHY: And are they referred to in the contract?

Mr. DINSMORE: Not according to my declaration. These are not declared to us, although I think they revert under the contract.

Mr. MURPHY: All the expenditures on the improvements revert to the benefit of the company under the contract?

Mr. DINSMORE: I think so.

Mr. MURPHY: We would like to have the amount of such equipment.

Mr. COTE: Could I have an answer to my question, please?

Mr. DINSMORE: I could not give you that from memory, I am afraid I will have to look it up. I do not have any notes on the declaration. I think there were some figures on the declaration as to the expenditures made at the Canada Car and Foundry Company plant.

The CHAIRMAN: Is there something you wanted to clear up?

Mr. MURPHY: With respect to equipping these buildings, did the company have control of this equipment, or was it handed over to the department—and I understand that most, if not all of it was shipped out of the province.

Mr. DINSMORE: Are you referring to the building or to the equipment?

Mr. MURPHY: To the building and the equipment, the whole thing.

Mr. DINSMORE: The building and the equipment used in operating the building—I am sorry, I would not know anything about the other equipment, that would not come under my jurisdiction.

Mr. MURPHY: Perhaps Mr. Berry could tell us that.

The WITNESS: I promised previously to examine the situation and report.

The CHAIRMAN: We have just time for an answer from Mr. Dinsmore to the question asked by Mr. Cote.

Mr. DINSMORE: In the operation of the John Inglis plant, that is not quite so large a building. We have about seventeen tenants there. There is about 286,000 feet of floor space under lease, and we anticipate an employment roll of 1,700. It is not a one-storey building. It is a much easier operation to convert because it is a three-storey building; and, of course, it was very much more concentrated than Verdun, a building which spread over 286,000 square feet of floor space. Then, the other operation which we have just started, that is the No. 200 building of the Montreal Works, known as the D.I.L. works out on St. Lawrence Boulevard, 9500 St. Lawrence Boulevard. I cannot tell you yet how many tenants we will have there. I think, there will be about 350,000 feet of leased space. Some of that space will continue to be occupied by War Assets as a warehouse and in addition there is a large amount of space occupied by, and which will continue to be occupied by the Vocational Training Branch of the Department of Labour.

The CHAIRMAN: Thank you. Gentlemen, it is just one o'clock. We have completed groups 1, 2 and 3. Mr. Berry will be with us to-morrow.

Mr. SHAW: We have not actually completed group 3, because we have a few questions to ask.

The CHAIRMAN: Then, we will carry on with group 3 to-morrow.

The committee adjourned at 1.00 o'clock p.m. to meet again to-morrow, May 31, 1946, at 11.00 o'clock a.m.

APPENDIX "A"

STATEMENT SUBMITTED BY COL. W. G. DENNEY

Question:

I refer Mr. Chairman, to Ipperwash which is in Military District No. 1. The acreage is 2,470 and the capital cost for the land was \$50,400.15. There was a report tabled last Fall, I think in October or thereabout, a report on this Camp; and having reference to one area of some 200 and some odd acres. The reference said that they cost \$29,000. That is what the Government paid for it. Now that would only leave \$21,000 for some 2,200 acres, so this figure here of \$50,400.15 supposed to be representing the capital cost of that area is not correct?

Asked by:

Mr. Murphy, dated 23rd May, 1946, at 11th Meeting.

Answer:

CAPITAL COST OF LANDS IPPERWASH TRAINING CENTRE, IPPERWASH, ONTARIO.

Owing to the short time in which the detailed QMG Report of properties rented and owned or occupied by the Department of National Defence Army up to March 1946 tabled at the 8th Meeting, dated 7 May, 1946 page 190 official minutes was compiled the figure of \$50,400.15 quoted as being the total capital cost for the lands at Ipperwash was incorrect. In actual fact the 2,467.05 acres cost Department of National Defence (Army) approximately \$81,500 as follows:

2,211.25 acres purchased (by expropriation)	
from Indians per Department of Mines	
and Resources	\$ 50,000 00
255.8 acres purchased from White and	
Wright	\$ 31,500 00
Total	<u>\$ 81,500 00</u>

In addition legal fees and incidental expenses
amounted to approximately.....\$ 400 00

The wide variation in the amount of money paid per acre to the two vendors is due to the fact that the land purchased from the Indians didn't have a high real estate value while that purchased from White and Wright was property which had a high value as it consisted of choice sites for summer cottages.

APPENDIX "B"

STATEMENT SUBMITTED BY COLONEL W. G. DENNEY

Question:

It has been set down that there were certain points where they brought them. We want to know where they were, what goods, what was brought there, why, and what it cost to bring them there.

Asked by:

Mr. McGregor, date 2nd May, 1946. Page 174 of official minutes of the 7th meeting.

Answers:

(a) Vehicles were concentrated at Central Mechanization Depot, London, Ontario, and at the New Sarum Sub-Depot of Central Mechanization Depot.

(b) There were 5,610 vehicles moved to the concentration points referred to in para (a) above. This total includes 2,187 vehicles which were concentrated at London prior to their sale, reconditioning and delivery to U.N.R.R.A. boxing contractors for shipment overseas.

(c) The reasons for the concentration of vehicles at locations referred to in para (a) above are as follows:

- (i) In July, 1944, at the height of hostilities in Northwest Europe the Minister of National Defence requested that the Chief of the General Staff make a special study of manpower problems in connection with making available from Canada the full quota of reinforcements required by the Canadian Army overseas. It was stressed that the Army overseas must receive its full quota and that the Army in Canada must be prepared, if necessary, to get along with fewer men. In accordance with recommendations of the Chief of the General Staff the Army Council agreed to accept a lower standard of guarding of magazines, vehicles, etc., and to accept a reduction in maintenance on vehicles, and such equipment in order to release trained tradesmen for overseas.
- (ii) At the direction of the Chief of the General Staff the Master General of the Ordnance effected the withdrawal of all surplus stocks of vehicles from the various military districts and commands to the locations referred to in para (a) above, in order to reduce the numbers of Royal Canadian Electrical and Mechanical Engineers and the Royal Canadian Ordnance Corps personnel required for their maintenance, and the number of personnel required for guarding these vehicles in their scattered locations.
- (iii) It was estimated that the concentration of the above mentioned vehicles would reduce the number of personnel required for their maintenance considerably and thereby effect a saving. It was also estimated that a considerable additional saving would be effected by the reduction in Administrative personnel, guards, and accommodation, resulting from the concentration of these vehicles.

(d) The estimated cost of moving the 5,610 vehicles to Central Mechanization Depot at London, Ontario, and the New Sarum Sub Depot at Central Mechanization Depot is \$410,239.94.

NOTE.—Details of the movement of vehicles are shown on attached Statements.

VEHICLES SHIPPED TO NEW SARUM, ONTARIO

Military District	M.D. 2			M.D. 3		M.D. 4	M.D. 5	M.D. 6	M.D. 7	M.D. 10		M.D. 11	M.D. 12	M.D. 13			Totals
	Toronto	Camp Borden	Ottawa	Petawawa	Kingston	Montreal	Quebec	Halifax	Coldbrook	Winnipeg	Shilo	Vancouver	Regina	Calgary	Wainwright	St. John, Newfoundland	
Carriers, Universal.....	36	81	2	5	12		48	174	59						133	21	571
Lorries, 30-cwt. General Service.....		3	4	69	36	33	23	234	37	55		34	7	48	4	2	589
Carriers, ½-track Personnel.....						8											8
Cars, Light.....		4												1		5	10
Trucks, 15-cwt. General Service.....		66	6	15			22	285			4			60	46	10	514
Lorries, 3-ton, General Service.....			9	36	64	16	28	277	40	6		81	1	226	10	32	826
Trucks, Heavy Utility, Personnel.....		118		28			9	28							18	6	207
Cars, 5-cwt.....					1						1					1	3
Tractors, Artillery.....		38		65				40									143
Tractors, Light Anti-Aircraft.....								30									30
Lorries, 3-ton, Signal Construction.....		2						2									4
Lorries, 3-ton, Derrick.....		16		8			3										27
Lorries, Standard Commercial, 1½-ton.....		3				1											4
Lorries, 2-ton, Stake.....		6		3										16			25
Tractors, Breakdown.....		3		2			2	3						1			11
Totals.....	36	340	21	231	113	58	135	1,073	136	61	5	115	8	352	211	77	2,972

APPENDIX "C"

STATEMENT SUBMITTED BY COLONEL W. G. DENNEY

The following additional information was requested in connection with the question asked by Mr. McGregor, May 2, 1946, page 174 of official minutes of the seventh meeting, regarding the concentration of vehicles at certain points in Canada and the cost involved.

Question:

I have a very definite question of which the witness might, perhaps take notice. It will be simple. What I want to know is: how many vehicles were shipped by the Army from Alberta to points in Ontario. I think that is a simple question and the answer can be found without difficulty.

All I want to know is: how many were shipped by the Army from Alberta to points in Ontario and I also want to know, from War Assets, how many were shipped back to Alberta.

While the documents are being distributed, I would like to know in addition to the shipment of those vehicles, what it cost to get them down from Alberta.

Asked by:

Mr. Smith, date, May 7, 1946, pages 191 and 192 of the official minutes of the eighth meeting.

Answer:

There were 979 vehicles moved from Alberta to points in Ontario. The estimated cost of moving these vehicles from Alberta to points in Ontario is \$123,705.33.

APPENDIX "D"

STATEMENT SUBMITTED BY GROUP CAPTAIN V. S. J. MILLARD

Mr. Smith wanted to know whether the witness was in a position to say that clocks, watches and compasses were not destroyed or mutilated by the R.C.A.F., either themselves or as agents of War Assets Corporation.

Answer:

An exhaustive search has been made of the records at Air Force Headquarters and the only case brought to the attention of AFHQ was with reference to the destruction of watches by the R.C.A.F. at the Instrument Repair Section of No. 11 Equipment Depot, Calgary, Alta., said destruction being referred to War Assets Corporation by Dr. H. A. Gibson, 216-6th Ave., Calgary.

An immediate investigation was undertaken and the following facts were determined:—

- (a) The watch in question was an R.A.F. 6E/287 or R.C.A.F. 6E/39, valued at \$10.15. No spares for this type of watch have been available since the first overhauls began, and this situation still existed at the time of the incident.

- (b) Acting on this Headquarters' instructions, this unit was authorized to reduce to spares all repairable watches and to cannibalize this particular type in order that as many serviceable watches as possible could be produced. The remaining bits and pieces were to be produced.
- (c) In dealing with the produced items which could be readily misappropriated or exchanged, the Instrument Repair Section burned such parts with a welding torch beyond possible misuse and reduced the items to the predominant metal.
- (d) The watch examined, after having the vital parts removed, was treated as above.

The above information was explained to Dr. Gibson and he agreed that the principle of cannibalization was sound from an economic point of view. The officers then proceeded to interview a Mr. Milo Shaw at 211-6th Ave. West, Calgary, and acquainted him with the true facts relative to the destroyed watch. This gentleman expressed the same opinions as those offered by Dr. Gibson.

It would appear that this watch had been misappropriated by some civilian employee or service man from No. 11 Equipment Depot, possibly by a person who had a grievance and was using this method of using malicious gossip in order to cause embarrassment to the Service.

There are no arrangements made with any manufacturer with regard to the destruction, or otherwise, of their items of supply.

Similar instances may have occurred at other units of which Air Force Headquarters is not aware but, in any event, it is considered the destruction, if carried out, would have been under similar circumstances as mentioned above.

APPENDIX "E"

(STATEMENT SUBMITTED BY GROUP CAPTAIN V. S. J. MILLARD)

Certain sections were inadvertently omitted from listings shown on pages 373 and 374 of the minutes of the Committee Meeting held Tuesday May 21st, and should be inserted under "Part B" as detailed. These missing sections are tabled herewith:—

BETWEEN SECTIONS 9A AND 11A

10A	10RA
10B	10RB
10C	10RC
10D	10RD
10E	10RE
10F	10RF
10H	10RH

BETWEEN SECTIONS 11A AND 25A

14A

SECTION 10A

Ref. No.	Description
4364	Dynamotor Unit
4404	Receivers Telephone Head
4414	Contacting Unit
4421	Mountings

SECTION 10A—*Continued*

Ref. No.	Description
7429	Power Unit 33A
7684	Microphone
201	Transfer Units
1286	Antenna loading coil
1276	Antenna Switch
3493	Headset
4054	Crank Drive
4075	Power Unit
4312	Dynamotor
4313	Dynamotor Unit
8563	Junction Box
1322	Microphone
4075	Power Unit 240 Watt
7941	Boxes Tack
2967	Tray Trans. & Rec.
5529	Junction Box
12573	Microphone
154	Milliammeter
3462	Contractor Type 3
665	Milliammeter
693	Neutralizing Units
863	Ammeter-Thermo
5151	Unit Transformer
5458	Dials
4363	Junction Box
698	Headset
3334	Micro Ammeter
4362	Contact Unit
4053	Indicator MN22A
109	Helmet Tel. Fittings
2639	Ammeter-Thermo
3297	Antenna Loading Unit
3298	Shock Mount
2275	Microphone
2924	Loudspeaker
80	Weights Aerial
3494	Headset
4593	Microphones
1534	Volume Control
4069	Shields Anti-Icing
4397	Microphone
4	Ammeter-Thermo
3038	Receivers Telephone Head
3963	Microphone
210	Headband
1277	Unit Remote Control for AR2
1281	Loop Control for AR2
1422	Microphone Mask Type C1
4074	Indicator Visual Model S.52S
3967	Junction Box
3968	Remote Control
3988	Power Unit
13065	Power Unit
10618	Headset
7776	Power Unit
7927	Headset
5539	Power Unit Type 141
5554	Microphone Type 26
6135	Motor Fan Bendix
6438	VHF Matching Unit

SECTION 10A—*Continued*

Ref. No.	Description
7397	Microphone Type RS38A
4080	Ammeter
4259	Ammeter-Thermo
11617	Power Unit
11986	Junction Box
5107	Dynamotor
5161	Transmitter Equipment
2993	Mountings Type 39
2994	Mountings Type 40
3036	Receivers Telephone Head
3249	Units Control
341	Helmets Telephone Fittings Caps
1791	Milliammeter
3979	Indicators Visual
1126	Reel
1283	Casing for Flex Drive
1509	Connector
1510	Fitting Spline
4191	Meter DC
4765	Dynamotor
3994	Impedance Match Unit
3001	Sense Unit D/F
3035	Rec. Tel Head
3220	Units. Control
584	Ammeter
19	Power Unit
2247	Cases Motor & Gear Cpte
644	Voltmeter
872	Milliammeter
6174	Boxes Remote Control
3969	Mounting T30
3992	Mixer Box
7396	Headphones
2982	Contractors Type 4 Meter
3	Ammeter
862	Ammeter
864	Ammeter Thermo
12227	Ammeter
107	Generator Dual
108	Helmet Fittings
457	Motor General Type C
675	Smoothing Unit type A
830	Handle Operating
1310	Mounting Type 23
3018	Mask Microphone
3019	Pieces face
Pt. No. 11994	Microphone Mask
Pt. No. 12443	Receivers hub Gland
Pt. No. 12571	Microphone type 26
Pt. No. 12572	Microphone Mask
2347	Receiver Telephone
2419	Meter
9033	Indicator Radio Compass
860	Ammeter: Thermo
5153	Junction Box
5154	Junction Box
2	Ammeter
574	Ammeter
873	Milliammeter
Pt. No. 3385	Ammeter RF
Pt. No. 7698	Ammeter
RAF12401	Receiver Tel. Head
RAF12407	Receiver Tel. Head
RAF 10155	Head Band Metal
881	Receivers Telephone

SECTION 10A—*Concluded*

Ref. No.	Description
2505	Microphones Mask
1796	Dynamotor
1803	Dynamotor
566	Voltmeter—moving coil
859	Ammeter—moving iron
149	Microphone
3250	Indicator Compass
2190	Dynamotor C1
1375	Motor Generator
1421	Rec. Tel. Head
1539	Trays Mounting
781}	Masks Microphone
782}	
373	Trays Mounting
534	Boxes Connector
551}	Rec. Tel. Head
552}	
656	Insulators
676	Rec TH Type B
5020	Dynamotor
4346	Power Unit Type 15
4365	Jack Box
4439	Mounting Type 31
5540	Power Unit 142
6875	Mounting
7401	Junction Box
7430	Power Unit 35A
8440	Aerial Plugs Range B
9461	Dynamotor Type C3
9544	Power Unit Type 3
12667	Ammeter
3698	Receiver Type 3
4073	Imp Match Unit
2345	Rec. Tel. Head
3230	Armature
332	Winch Aerial
1304	Motor Generator
910	Leads Micro-Ammeter
3503	Boxes Jack
5538	Power Unit
2091	Motors Wave B and Receiver Type
2178	Dynamotor Type C1
557	Boxes Distribution
681	Head B and Type A
1017	Sleeve
4082	Receiver
4398	Receiver Tel. Head
366	Ammeter Thermo
3461	Contractors Type 1
3462	Contractors Type 3

SECTION 10B

3002	Loops Aerial Type B
609	Insulator
687	Wires Steel Antenna
868	Insulator
1126	Reel Aerial B
1284	Shafting Flexible
2312	Insulator C.5
2895	Casing Non-Magnetic
3200	Aerial Loop
3203	Aerial Loop Tail Section
3210	Aerial Loop Support
3222	Aerial Loop

SECTION 10B—*Concluded*

Ref. No.	Description
3297	Units Tuning Antenna
4057	Antenna Transmission Ground
4221	Aerial A/C Type 1
7907	Insulator
7924	Antenna Tuning Unit
2310	Insulator
4588	Aerials Aircraft
7929	Weights W.T. 7A
3411	Compass Pilots Radio
1281	Loop
1282	Units Remote Control
9772	Cable c/w Power Connector
1255	Insulator
4050	Switch Antenna
4043	Reels Less Wires
4054	Assembly Crank
8740	Aerial A/C
1266	Arrestor Lightning Shields
2336	Gear Boxes Loops Antenna
2823	Antenna Whip Type
2337	Loops Aerial
2328	Fitting
649	Fairlead
9215	Insulators
1483	Fairleads
785	Kit Aerial Type B
869	Insulators Type 18 Shrouds
1502	Arresters Lightning Type C
3192	Aerials Spare Cradles Former
3193	Cursors Type 1
3195	Cursors Marking Type 1
3199	Aerial Loop Type 3 Housing Centre Section
3212	Assy. Loop
3211	Tubes Wheel Hand
5165	Loops Dehydrotor
376	Weight Aerial Lead
2317	Insulator Type C-8
3297	Units Ant-Loading MJ360
3410	Indicator Type C2 MN31
6177	Meter Aerial Type MT31C
5526	Aerial A/C Type B
4051	Ant transfer
5176	Insulators
5178	Insulators
5179	Insulators
5184	Insulators
5185	Insulators
5188	Insulators
6764	Altimeter Antenna
2336	Loop Gear Box
3297	Ironing Units Antenna
3412	Indicator MN31
4044	Switches Antenna
184	Rod, Aerial Type 8
265	Unit Loading Anthenna
332	Winches Aerial
899	Winch Aerial
1253	Insulators
1255	Insulator
1291	Loops Rotatable

SECTION 10C

2157	Condensor
6739	Inductor PA
6745	Inductor VLR

SECTION 10C—*Concluded*

Ref. No.	Description
692	Units Earth Condenser
865	Condenser Unit Listen Through
1408	Choke Unit 1
1409	Choke Unit 2
952	Condensers
1330	Resistance Chokes
1785	Inductance
1786	Inductance

SECTION 10D

9268	Transmitter TR.1196
710	Controls Remote
713	Coupling Switch
733	Transmitter T.1083
737	Coils Amp. Range B
739	Coils Amp. Range D
741	Coils M.D.
759	Coils Aerial
760	Coils Aerial
761	Coils Aerial
762	Coils Aerial
763	Coils Anode
764	Coils Anode
765	Coils Anode
766	Coils Anode
767	Coils Anode
768	Coils Anode
769	Coils Anode
770	Coils Anode
3314	Coils Aerial
3315	Coils Aerial
742	Coils Range D
743	Receivers Type R.1082
749	Coils Aerial
750	Coils Aerial
751	Coils Range E
752	Coils Aerial Range
753	Coils Aerial Range
754	Coils Aerial Range
755	Coils Aerial Range
756	Coils Aerial Range
757	Coils Aerial Range
758	Coils Aerial Range
1235	Adapter Ring
771	Coils Anode Range
772	Coils Anode Range
773	Coils Anode Range
774	Coils Anode Range
775	Coils Anode Range
776	Coils Anode Range
896	Coils Range
1441	Remote Control
1442	Unit Controlling
1443	Unit Remote Control
2382	Coils Aerial
2383	Coils Aerial
2575	Receiver Range
5794	Receiver Transmitter 19A
7410	Units Power Supply
7547	Transmitter CBY 52232
7947	Receiver R.3090
5959	Receiver R.1132A
6171	Remote Control
6173	Amplifier Interphone
6292	Case Assy.

SECTION 10D—*Continued*

Ref. No.	Description
5160	Connector
4240	Pre-Amplifier
4343	Transmitter BC457
4355	Receiver R.3002
4078	Transmitter Rec. TR9F
4081	Transmitter Type 1154
4105	Coils
4493	Amplifier A.1134
6173	Amplifier Interphone
3415	Receiver C.5
8453	Coil Set
2990	Transmitter Receiver TR9D
2233	Drive Tuning
740	Coils Range
4048	Controls Remote
1270	Boxes Junction
738	Coils Am. Range
6171	Controls Remote
717	Controls Remote
4794	Transmitter 1154B
1503	Indicators Crystal
3789	Meter Frequency
1267	Transmitter AT.1
1547	Units Remote Control
8813	Units Power
40	Transmitter TA12D
65	Remote Control
98	Receiver 1155
107	Remote Control
502	Receiver Main
RAF 820	Receiver 1155A
1276	Switching Unit
1277	Remote Control AR.2
1286	Antennae Loading
1424	Amp TW2A
1428	Receiver AR6
1429	Transmitter AT.7
1546	Transmitter ATR5
1551	Adaptors Coil
1790	Radio Transmitter
1980	Mountings Shock
2436	Amplifiers Interphone
2437	Control Unit
2521	Amplifier R11637
13032	Amplifying Units
4211	Amplifier 12V
4213	Switch Boxes
4239	Amplifier 24V
3804	Controllers Electric
3981	Receivers R.1124
3982	Receivers R.1125A
4038	Coils
4039	Coils
4040	Coils
4041	Coils
4042	Coils
3802	Transmitter Rec. 1133A
3292	Receiver AR2A
3293	Transmitter
3295	Controls Remote
3296	Unit Power Supply
3314	Coils Range
3315	Coils Range
2642	Crystal Monitors
2644	Shocks Mounting
3005	Receiver S. Warner

SECTION 10D—*Concluded*

Ref. No.	Description
3042	Remote Control Type 3
3234	Receiver RA1B
1263	Receiver 20A
1268	Switch Box
16730	Pre-Amplifier
6171	Unit Remote Control
6762	Indicator Altitude
361	Unions Casing
711	Control Switch and Tuning
735	Coils Range D
747	Coils Aerial Range A
748	Coils Aerial Range B
879	Coils Aerial Range D
889	Coils Amplifier Range E Trans.
890	Coil Master Oscillator Range A
895	Coil Amplifier Range A Trans.
896	Coil Master Oscillator Range A Trans.
1151	Cases Inner for Receiver Type R1082
1152	Cases Outer for Receiver Type R1082
1317	Controls Remote Type C Union Lub.
2986	Controls Remote Type C Unions Lub.
2988	Controls Remote Type C Couplings Switch
2992	Controls Remote Type D Controllers
3458	Trans. Type T1119
3780	Coil Form
6894	Oscillator Unit Type 18
7921	Units Tuning TU9B
7922	Units Tuning TU10B
8096	Receivers Type 1125B
8097	Receivers Type 1124C
RAF 10310	Receiver Type R1116 } RAF Admiralty
RAF 10380	Trans. Type R1115 } Use Only
RAF 898	Receivers Bracers
502015	Receiver Set RU18 CW23022
706	Casing Flexible
714	Handles
1317	Controls Remote Type C Unions Lub.
1551	Transmitters Type T.1083 Access. Adaptors
2382	Receivers Type R-1082 Coils Range
3804	Control Electric
1275	Receiver AR2
1317	Control Remote
3345	Amp Interphone Type B
4107	Coils Transmitter
5959	Receiver Type R1132A
5960	Transmitter Receiver TR1133
8938	Transmitter Receiver TR1133C
2522	Controls Remote

SECTION 10E

13	VCR 87
1508	V 1901
903	Valve
	CV 19
5906	Tubes
5873	Lamp
5875	Lamp
5876	Lamp
5878	Lamp
5883	Lamp
5898	Lamp
3013	Valve
5069	Valve
5444	Valve
5907	CR 87
6184	VT 114
2452	Valve

SECTION 10E—*Concluded*

Ref. No.	Description
1297	Valve
1299	Valve
1303	Valve
423	Stabilizer Neon
3983	Valve
3984	Valve
3985	Valve
3986	Valve
507 Pt. No. 7312	Valve VT25
508 Pt. No. 7607	Valve VR18
661 Pt. No. 7738	Valve VR21
662 Pt. No. 7958	Valve VR22
663 Pt. No. 8239	Valve VR27
2529	Valve VT25A
2576	Valve VT50
2635	Valve VT51
3122	Valve VW36

SECTION 10F

556	Keys Morse
657	Keys Morse
3263	Keys Morse
4310	Antenna Relay Unit
870	Keys Morse
7390	Keys Morse
8366	Radio Altimeter Limit
4502	Switch Unit
4703	Relay Kit
121	Keys Morse
1953	Switch
742	Relay
5118	Antenna Loading Coil
686	Switch
522	Starter
1976	Switch
1927	Relay
387	Switch
1019	Relay Unit
1020	Relay Unit
2634	Switch
1775	Relay Keying
901	Switch Unit
1061	Switch Unit
1431	Keys Morse
1774	Valve Change Relay
1937	Relays and Solenoid
4084	Switch Assy.
4456	Switch Assy.
256	Switches
13628	Relay

SECTION 10H

667	Plug Type 68
818	Plug Type 61
3436	Connectors
4096	Plugs
4097	Plugs
4574	Socket
RAF 1518	Plug
685	Socket 4 Pole
4568	Plug
5171	Plug Disconnect.
3697	Socket Helmet Mec.
5642	Plugs Receptacle

SECTION 10H—*Continued*

Ref. No.	Description
2519	Plugs Receptacle
2997	Plugs Type 176
3693	Cords Inst.
3696	Plug Helmet
4089	Socket Type 136
4090	Socket Type 168
4091	Socket Type 171
4271	Cord Inst.
4377	Plug C33
4501	Plug 309
5080	Tube Socket
5116	Plug C20
6174	Box Station M122
6284	Jack Tel.
780	Cords Inst.
1246	Plugs Loop C1
1426	Receptacle Plug
1519	Receptacle Plug
3990	Fuses
4271	Cords Inst.
9684	Microphone
74	Cords Inst.
1515	Plugs Receptacle
1516	Plugs Receptacle 2
1517	Plugs Receptacle 3
1977	Plugs Receptacle
3163	Plugs Receptacle
7836	Plugs Receptacle
1573	Cords Inst.
1423	Cords Inst.
4271	Cords Inst.
7398	Coil
821	Box Station Intercom.
246	Sockets
668	Plugs
683	Sockets
2515	Receptacle Plugs
2516	Receptacle Plugs
2517	Receptacle Plugs
2518	Receptacle Plugs
2519	Receptacle Plugs
4053	Indicator Azimuth
4085	Socket
4649	Fuses
348	Cords Inst.
551	Rec. Telephone Head
693	Neutralizing Unit Complete
863	Ammeter Thermocouple
1422	Rec.
693	Neutralizing Unit Complete
1421	Rec. Telephone Head
1539	Trays Shocks Mounting
3697	Sockets Helmet Mic.
3436	Connector
4580	Connector Sets
5353	Plugs
5158	Loops Cable
1498	Sockets
4088	Sockets
4092	Sockets
4093	Sockets
4094	Sockets
4095	Sockets
119	Jacks Telephone
4425	Plugs PL181
256	Plugs PL183

SECTION 10H—*Concluded*

Ref. No.	Description
460	Plugs PL177
682	Sockets Type 24
1421	Receivers Telephone Head Type C1
7471	Sockets Jack.
Pt. 366	Boxes Jack
3468	Recept. Plugs
3037	Cords Inst.
9772	Cable
3114	Transmitter Receiver 9C
7971	Sockets
4413	Sockets Type 359
4104	Plug
4328	Plugs PL152
4410	Microphone
5625	Cable
6317	Battery Cable
6318	Antenna Cable
4564	Plugs 195
5157	Boxes Interphone
5172	Socket
5226	Cable Microphone Hand
5227	Cable Antenna
2995	Plug 5 Pole 172
2296	Plug 5 Pole 174
2101	Socket
4095	Socket
406	Plug
415	Socket
825	Plug
4087	Socket
2756	Plugs Type 119
3431	Receptacle
3692	Cords Inst.
4052	Boxes Interphone
4056	Boxes Interphone
4086	Sockets 169
75	Cord Inst. Type B
120	Jacks Telephone B
348	Cords
790	Plugs
972	Cable Harness
1000	Reels Stowage
1545	Connector Sets
1760	Connector Sets
1978	Plugs Receptacle Type 12
1979	Plugs Receptacle Type 13
2206	Sockets
2756	Plug
3692	Cords Microphone
3693	Cords Inst. Helmet
3696	Plugs Microphone

SECTION 10RA

358	Blower Motor (ASD)
359	Blower Motor (ASD)
364	Generator 24V
369	Motor Driving
462	Motor Driving
603	Inverter Unit
143	Antenna Head
366	Alternators 24 Volt

SECTION 10RB

Ref. No.	Description
168	Antenna S Position ASD
328	Antenna S Position 1FF
438	Array Single Tier
441	Roof Matching Unit
605	Antenna Assy.
606	Antenna Assy.

SECTION 10RC

94	Filament
1795	Transformer

SECTION 10RD

253	Receivers, 12 Volts
1	ASV Indicator
522	Recas
523	Control Box
524	Indicator ASB8
547	Rect Power Unit
560	Transmitter
574	Control Box
575	Receiver 24V
5	ASV Type C1 Trainer
212	Trans. ASD
213	Receiver ASD
214	Indicator Amplifier ASD
3	Indicator A.S.V. TX
227	Indicator Unit ASD
229	Control Box
337	Receiver Radio
339	Selector Control Box
360	Receiver 24V
361	Control Panel
316	Receiver 24V
317	Control Unit
319	Selector Unit
658	Synchronizer
660	Synchronizer Beacon
661	Control Unit
362	Control for R.3078
232	Mounting Assy.
2	ASV Indicator
322 }	I.F.F.R. Tray
323 }	
181	Control Selector Assy.
228	Receiver Mtg. Assy.
574	Control Box BC648A
120	Reciff Mk 21 Type R3002
121	Reciff Mk 21 Type R3003

SECTION 10RE

2	Valve
164	Magnetrons
1	C.R.L.

SECTION 10RF

6	Antenna Switch A.S.V.
225	Overload Relay Switch

SECTION 10RH

Ref. No.	Description
3187	Magnet and Keeper
3627 }	RAF Type Contactors
3628 }	
3650 }	
3651 }	
3652	Junction Box
3736	Antenna Control and Filt. Ind.
3033	Covering Assembly Trailing Edge
967	Boot De-Icer Stripped Fairing
	RF Filter

SECTION 14A

341	Camera Gun Film Consumption
11	Camera F24 Mag. with Spool
145	Control Drives Camera
188	Leads Elec. Camera Control
1184	Mountings Camera Type 21 Assy.
186	Leads Elec. Camera Control
1	Camera F24 Bodies
14	Camera F24 Unit Counter
178	Leads Elec. Camera Control
238	Mounting Camera Type 21
769	Ind. Type 45
817	Ind. Type 45
841	Mag. Test Unit F46 Camera
900	Camera Mounting Type 25 Assy.
731	Camera Body Assy.
188	Leads Elec. Camera
194	
239	Sights Frame
240	Mtgs. Camera Sights Tube
265	Camera Plates Wedge
331	Camera A/C Adapters Mag.
12	Camera Shutter
146	Drives Flex.
159	Pilots Camera Control Lamps Fil.
387	Camera Gun Acc. Mag. Film
694	Units Harmonizing
1159	Shutters
1168	Camera A/C Cones Assy.
1169	Cones c/w Lens
1177	Control Camera Remote Elec.
308	Controls Camera Remote
1148	Camera A/C F24 Cones
1156	Boxes Gears Cpte.
202	Leads Electric
251	Mountings Camera F24
688	Leads Elec. #2
1176	Camera Control Remote
1219	Projector Reflecting Squares
1166	Camera Access. Cone Assy.
174	Leads Elec.
178	
733	Camera Guns—GSAP Access.
690	Leads Electric
172	Leads Elec. Camera Control
776	Leads Elec. #4
782	Heaters Muff
1268	Master Camera Dividing Assy.
RAF 1109	Front Heater Assy.
766	Adapters Type 31
13	Camera F24 Mag.
171	Leads Elec. Camera Control
234	Motor Camera Driving 12V
200	Leads Elec.
726	Ind. Pilots Camera Control
727	Mounting Camera
1390	Mk. III Assy. Bodies

SECTION 14A—*Concluded*

Ref. No.	Description
1267	Motors Camera Driving Assy.
818	Indicator 24V
826	Leads Elec. Camera Control
144	Push Switch Control
RAF 1104	Camera Motor Driving
822	Camera A/C Torpedo F46 Mag.
745	Controls Remote
201	Leads Electric
677	Boxes Gear Type B
819	Leads Camera Testing Assy.
820	Mounting Camera Type 30 Assy.
821	Mag. Test Sighting F46
780	Magazine Film
650	Drives Camera
136	Controls Camera Remote Mech.
1170	Camera F24 Cones 8"
6	Camera F24 Cones 14"
15	Camera F24 Watch
45	Cables Control Loading Shark
50	Camera G22 A/C Handles Loading
1155	Camera A/C F24 Boxes Gear
1180	Ind. Pilot Less Lamps Filament
822	Magazines
689	Leads Elec. No. 235 F24
691	Leads Elec. 4½ in. No. 4
1129	Controls Remote Push Switch
1175	Tester Friction F24 Assy.
310	Camera Control Remote
354	Camera Pistol Grip Type R
732	Control Overrun
181	Leads Electric Control
193	Leads Electric Control
241	Mountings Camera
249	Mountings
RAF 1098	Mechanism
351	Camera Gun Foresight
382	Watches Camera Gun Fairchild
688	Leads Elec.
850	Plates Film Threading
784	Heaters Muff
764	Mag. Film
826	Leads Elec. Camera Control
865	Blinds
1112	Control Camera Remote Switch Push
841	Mag. Unit Camera
1178	Control Camera
1179	Control Camera Remote
780	Magazine Film
694	Units Harmonizing Camera
902	No. 1 Leads F24 Camera
RAF 1103	Motors Camera
747	Camera Control Remote
762	Cones Lens F24
742	Oblique Mirror Attachment
780	Magazine Film
865	Blinds

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(SPECIAL COMMITTEE

ON

WAR EXPENDITURES AND ECONOMIES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 18

FRIDAY, MAY 31, 1946

WITNESS:

Mr. J. H. Berry, President, War Assets Corporation:

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1946

MINUTES OF PROCEEDINGS

FRIDAY,, May 31, 1946.

The Special Committee on War Expenditures and Economies met at 11.00 a.m., the Vice-Chairman, Mr. Cote, presiding.

Members present: Messrs. Benidickson, Black (*Cumberland*), Bradette, Cote (*Verdun*), Golding, Jackman, Lalonde, McCullough (*Assiniboia*) McGregor, McIlraith, McLure, Michaud, Probe, Reid, Shaw, Smith (*Calgary W.*), Stewart (*Winnipeg N.*), Winkler.

In attendance: Mr. J. H. Berry, President, War Assets Corporation; Colonel I. H. Deyman, M.G.O. Branch, N.D.H.Q.; Mr. C. Gavsie, General Counsel, Department of Reconstruction and Supply.

The Vice-Chairman tabled a communication from Colonel W. G. Denney adding further comment on answers submitted at the previous sitting.

Mr. Berry was recalled. He continued the presentation of his brief on the Corporation's policy for the disposal of real estate and buildings, and was further questioned.

In the course of the proceedings, Mr. Berry tabled statements on twenty-three properties sold by War Assets Corporation at less than 50 per cent of their original cost.

On motion of Mr. Stewart,

Ordered, That the said statements be printed as an appendix to this day's proceedings.

At 1.00 p.m., witness retired and the Committee adjourned until Tuesday, June 4, at 11.00 a.m.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

May 31, 1946.

The Special Committee on War Expenditures and Economies met this day at 11.00 o'clock a.m. The Deputy Chairman, Mr. Paul E. Cote, presided.

The VICE-CHAIRMAN: If you will come to order please, gentlemen; we have our quorum. Unfortunately, due to unavoidable circumstances, our chairman is not with us this morning, but I am sure that his absence will be sincerely regretted. I am sure the committee will readily excuse him. As a matter of fact, this is his first absence. He has always made it his first duty to preside over our deliberations here.

The chairman has received a letter from Colonel Denney, dated May 31, addressed to the committee, which I will ask the clerk of the committee to read.

The CLERK:

HQC 8785 FD 18 DOS(Prov)S

31 May 46

CHAIRMAN,

Special Committee on War Expenditures and Economies

1. In answer to Mr. Smith's question at meeting of your committee Thursday, 30 May 46, in which he stated that he wanted to know what vehicles were returned from points in Ontario to Alberta, the following is submitted:—

No vehicles were returned from points in Ontario to Alberta by the Canadian Army for disposal. Vehicles not required by the Canadian army are declared surplus to War Assets Corporation on an "as is—where is" basis and any movement required to effect disposal would be arranged by War Assets Corporation.

2. In connection with Mr. McGregor's question at your committee's meeting Thursday, 30 May 46, in which he asked for quantities and cost of concentration of vehicles at depots other than New Sarum and Central Mechanization Depot, London, the following is submitted:—

There were no concentrations of vehicles by the army for disposal other than at New Sarum and Central Mechanization Depot, London.

(Signed) W. G. DENNEY,

Colonel,

Branch of the Master-General of the Ordnance.

Mr. MCGREGOR: Mr. Chairman, does that answer my question?

The VICE-CHAIRMAN: Yes.

Mr. MCGREGOR: I wonder if I can see that?

The VICE-CHAIRMAN: Yes.

Mr. SMITH: Mr. Chairman, I made it very plain that I wanted an answer either from the army or War Assets as to these vehicles. Stupid as I am, I

knew the army did not move them back after they were declared surplus; so probably I can have an answer from War Assets.

The VICE-CHAIRMAN: What was your question?

Mr. SMITH: The number of vehicles which had been shipped east from Alberta and then shipped back to the province of Alberta, and I particularly wanted to know the cost of shipping these vehicles back. I knew the army did not have the information as the concentration was made by War Assets. I know there were fifty at least shipped back.

Mr. BENEDICKSON: Fifty what?

Mr. SMITH: Vehicles—general carriers, I do not know the exact terminology.

Mr. McILRAITH: Probably they were universal carriers.

Mr. SMITH: That is it, universal carriers; I want those.

Mr. McILRAITH: That will be brought down.

Mr. SMITH: Yes, I would like to get it now.

Mr. McILRAITH: You will appreciate, of course, that we cannot get witnesses forward on all subjects at the same time.

The VICE-CHAIRMAN: I understand, Mr. Smith, that the answer to your question, or a preliminary answer to it, was distributed yesterday.

Mr. SMITH: Yes, but that did not give all the answer. What I got yesterday showed what the army had shipped, in the way of vehicles, east.

The VICE-CHAIRMAN: That point will be taken under consideration again.

Mr. SMITH: As long as it is not lost sight of.

The VICE-CHAIRMAN: We might as well try to give you satisfaction immediately. The president of the corporation tells me that he has something in hand with him that might be your requirement, so I will ask Mr. Berry immediately to read his statement.

Mr. J. H. Berry, President, War Assets Corporation, recalled:

The WITNESS: *Re: Movement of trucks by the army.*

In connection with the above mentioned subject and in confirmation of our telephone conversation, we are advised by our automotive division that in all cases except one we have taken their vehicles from the army at points designated by them and, with the above noted exception, have never made any request to have such vehicles moved for our account.

The exception covered 1,500 eight and fifteen hundred-weight trucks which the army offered to move for us if national distribution was thought to be desirable. As this was the case, we accepted the army's offer and a portion of these trucks, namely 323, were moved as shown hereunder.

<i>From</i>	<i>To</i>	<i>Vehicles</i>
B. C.	Alta.	47
B. C.	Sask.	6
Ont.	Alta.	15
Ont.	Sask.	70
Ont.	Que.	6
N. S.	Sask.	87
N. S.	Man.	32
N. S.	Que.	9
N. B.	Man.	6
N. B.	Que.	45

In addition to the above, the corporation moved at its own expense the following vehicles, in accordance with the policy which was then in force to dispose of a certain number of units to farmers. This movement was necessary in order to have proper distribution and the expense was borne by the corporation.

The quantities moved in connection with the sales to farmers are given below:—

<i>From</i>	<i>To</i>	<i>Vehicles</i>
New Sarum	Chatham	125
New Sarum	Guelph	125
New Sarum	Markham.....	125
Debert	Charlottetown.....	61

(Sgd.) P. B. Buckley.

Is that the information required?

MR. SMITH: No, I do not think it is. I do not care who moves these trucks east, but your answer is that the total movement back to Alberta is fifteen—if I remember correctly?

The WITNESS: This is trucks, the movement from B.C. to Alberta was 47.

MR. SMITH: I am not very much concerned with them.

The WITNESS: And in one case, from Ontario to Alberta, fifteen. I think those are the only two.

The VICE-CHAIRMAN: I think, Mr. Berry, the question put by Mr. Smith was as follows:—

All I want to know is how many were shipped by the army from Alberta to points in Ontario, what it cost to get them down from Alberta.

MR. SMITH: If you will just continue you will find I said again yesterday that I did not have the answer as to the return movement; and the expression I have been using throughout has been "vehicles". Does "trucks" cover universal carriers?

The WITNESS: No.

By Mr. Smith:

Q. Those are the things that I had information on, but I am not vouching for its correctness for a moment.—A. Would you care for me to give you a statement on the movement of universal carriers particularly?

Q. No. What I would like is, of the vehicles shipped from Alberta to Ontario, how many were returned?—A. And in the term vehicles you would include universal carriers, trucks and passenger cars?

Q. That would be enough, I think that is all we are interested in.—A. We have a conflict of terms because when the army speak of vehicles they include everything that moves under its own power.

Q. Yes, I know, they even include bicycles; what I have in mind was things which travel on at least four wheels.

MR. McILRAITH: But a lot of these don't travel on wheels, they use tracks. The Bren carriers were dealt with separately. They are called vehicles in the army, and there are some half-tracks.

MR. SMITH: Half tracks or whole tracks; I am thinking of things which, let us say, weigh upwards of a thousand pounds.

The VICE-CHAIRMAN: Now gentlemen, the witness submitted a statement with respect to the policies of the War Assets Corporation relating to the disposal of real estate and buildings. The committee has already discussed group 1, and group 2 of this brief; group 3 has been read and we are now ready for discussion on it. Have you any questions you wish to ask with respect to group 3?

By Mr. Shaw:

Q. Yes, Mr. Chairman. I have read this section very, very carefully, section 3; and there is one point that is not clear in my mind as yet, namely, the relationship which continues to exist between the War Assets Corporation and such a project as that multiple-tenancy set-up at Verdun. Now, am I correct in assuming that the industrial plant at Verdun was declared surplus, at least that the building was declared surplus to War Assets Corporation; and am I correct in assuming that acting on the advice of the Department of Reconstruction and its minister, this building has been leased to a number of persons engaged in the manufacture of certain commodities, and then the War Assets Corporation appointed a managing agent; is that managing agent responsible to War Assets Corporation?—A. Yes.

Q. Well then, the thought that comes to my mind is, under what authority does the War Assets Corporation continue to become associated with industries which are to carry on for at least five years; in other words, this is the thought which is at the back of my mind; while we wish War Assets success and happiness—and I am sure there is a lot of that—and health during their lifetime, I for one am not anxious to see them live any longer than necessary as a corporation. But having tied yourselves in with a number of projects such as the one to which I have referred for a period of at least five years, it looks as though you are perpetuating your own life as a corporation. Therefore, I would like to know: first, under what authority do you associate yourselves with an enterprise of that character; and, secondly, to what extent you propose to associate yourselves with other enterprises that may be established from time to time, the life of which in each case will be at least a period of five years?—A. I think there are several questions included in that statement.

Q. That is right.—A. I find it rather difficult to follow all the points you have raised.

Q. That is all right. You don't have to answer it right off hand.—A. First of all, the leasing of the building, the handling of a plant in that manner is done strictly in accordance with the terms of the Act respecting surplus crown assets.

Q. Could we have the section of the Act? I would like to see the ruling which governs that.—A. I think there are several sections which might cover it. There is section 9, for instance, which states:—

with specific or general authority from the Governor in Council the Minister may, (a) Sell, exchange, lease, lend or otherwise dispose of or deal with surplus crown assets etc.

And section 12, which relates to the corporation powers says:—

Subject to general or specific instructions given by the Minister the Corporation may when so directed by the Minister, sell, exchange, lease, lend or otherwise dispose of or deal with surplus crown assets, etc.

I believe either of those two could cover this one case specifically. I stand to be corrected by legal authority on that point.

Q. May I ask this question? This may not be a fair question; but do you believe, Mr. Berry, that by engaging in an activity of that character that you would be extending the life of the War Assets Corporation? I am not criticizing War Assets when I say that, because I would like to see the corporation be as successful as possible. When I say that, it is only because we are anxious to see rapid disposal.—A. I would say that would be a government policy; but, speaking personally, I do not think that the corporation having multiple-tenancy arrangements, there being a very small proportion of the business of the corporation; I do not think they would be any factor in extending the life of the corporation in any way. I should imagine they would be turned over for operation to another government department rather than extending the life of the corporation.

Q. I intend to ask you some time later for the cost of carrying this big corporation, and I feel that the committee will agree with me when I express the view that we do not want it to exist any longer than is necessary.—A. With that principle, I agree.

Mr. BRADETTE: I think Mr. Shaw has brought up a very interesting subject. I think they are making a marvellous experiment at Verdun, one which I hope will be developed in other sections clear across Canada. I say that quite impartially, because as far as my section of the country is concerned, we are not likely to get any benefit from it. I do not see why the carrying out of such a policy as that would in any way mean any lengthening of the life of the War Assets Corporation, even though it is doing good work in that line. I think most of the members of the committee will agree with me when I say that through efforts of this kind they are doing much to promote the welfare of Canada.

Mr. SHAW: First, Mr. Chairman, may I make it abundantly clear that I am not criticizing the project at Verdun, I am very greatly impressed by it, and as a matter of fact I wish the government will become so impressed with the necessity for decentralization of industry and the establishment of new industries that they will put such a policy into effect clear across Canada. What we are really afraid of in that direction is that the War Assets concluding its activities it would simply be discontinued. I wish to emphasize the importance of decentralization of industry.

Mr. McILRAITH: We are doing a lot of work now in our research department dealing with this subject of decentralization and we are getting good results.

The WITNESS: With regard to the cost of the operation, that, I think, could be briefly expressed for the information of the members as a percentage of sales; and, at the moment—and again I stand subject to correction on this—as I recollect the latest figures I believe our cost of operation, administration, was running below nine per cent of actual sales; and that includes all our warehousing activities and everything else, including the taking over and custody of surplus. I will be glad to give you a prepared statement on the actual cost at a later date.

Mr. SHAW: The percentage would be great. We realize that.

The VICE-CHAIRMAN: Mr. Shaw, you have touched upon the relationship between the rental agency of the corporation and desired to know its relationship to the entire corporation; is that it?

Mr. SHAW: No. I simply tied the corporation in by making a statement that they appointed a managing agent responsible to the corporation, merely to show the relationship.

By Mr. Reid:

Q. This may not be pertinent now, but I think it is a form of information the committee should have. I wonder if Mr. Berry and his organization have ever made up to the present time a computation of the percentage of sales in value as compared to the actual cost. For instance, if a certain article cost a dollar and sold at fifty cents; I am speaking of sales at the present time; what is the relationship of recoveries through sales to original cost?—A. I believe I made a statement on that previously.

Q. I believe that is information the committee would like to have.—A. It is possible for us in certain cases to tell you the original cost of the goods and show the return as a percentage of original cost. It is only possible in the case of items of a capital nature, such as real estate—if that is considered to be of a capital nature—real estate in some cases, machine tools, ships; but when we come down to a multitude of small parts and small bits and pieces that are not complete entities in themselves, and these small parts and pieces are taken over by us and put in our warehouse; we cannot possibly follow the original cost of each of those

pieces into our warehouse and keep it as a record; so that at no time could I give you the overall return on original cost on our complete stores, but I could give you the real estate and capital items, generally, and the percentage return we get.

Mr. McILRAITH: There is a danger in that, when the real estate item runs into other physical costs. For instance, I recall a case which included a road; now, the road is not being sold, so you are running into a dangerous field there.

The WITNESS: Roads usually are a liability.

Mr. McILRAITH: Yes, a liability. They were not owned by the crown.

Mr. REID: I notice that the United States and Great Britain have given out the ratio of cost, and I wanted to find out if possible if we could have such a statement with respect to this country.

The WITNESS: I do not know how they maintain those costs, because it is impossible; I should add also neither feasible nor practical, for us to do it, and, if we tried to do it it would cost a tremendous amount of money to maintain those records right through the piece on every individual item that goes into our warehouses.

Mr. McCULLOUGH: The cost of which you are speaking now is the original cost to the Canadian government, or is it the cost to the corporation?

The WITNESS: No, it is the original cost, that is, the original cost to the crown. In the books of the War Assets Corporation we do not carry any record of the original cost, except with respect to certain items to which I have referred. Our inventory is one of items, for the most part, without original cost.

Mr. BRADETTE: I would like to deal for a moment, Mr. Chairman, on the point raised by Mr. Shaw, very timely I thought, about the possible danger of this corporation perpetuating itself. We are familiar with the general line of criticism which applies to new government departments, that there is a danger of mushroom growth and a trend towards permanency which perhaps is not always warranted. I believe that the fears expressed by Mr. Shaw are well founded and the views he expressed perfectly logical, particularly when it applies to real estate matters and properties such as we have been discussing, the one down at Verdun. Whether Mr. Berry gives us the information, or whether it is the Parliamentary Assistant to the minister (Mr. McIlraith) who gives it to us, we should be assured that machinery is being set up now to anticipate the expiration of the activities of the War Assets Corporation, so that if there be any residue of real estate or other property there will be set up the appropriate machinery to handle it. Naturally it would go back to the department in which it is to be looked after, and it would not be any great problem if there were only a few small items. I for one would like to know what has been done.

Mr. McILRAITH: Our trouble now is keeping War Assets. It is rather the other way, to keep them on the job rather than to attempt to terminate it quickly. Isn't that the difficulty?

Mr. SHAW: Of course, Mr. McIlraith, you will sooner or later be confronted with that problem, will you not?

Mr. McILRAITH: Yes.

Mr. SMITH: I get the point raised by Mr. Reid. I realize that you do not keep costs of items turned over to you. But for your benefit, sir, I think we should get that figure. The departments in turning things over to the War Assets, according to the evidence given by witnesses who have appeared before us, have a record of the cost of what they turn over to you. I think that we will ultimately want to know—and I want to mention this now, though I do not care when it is done—I want this committee from the proper source to find out the cost of everything turned over to War Assets and what the Corporation realized from its sale. We have the data from which that can be supplied easily because every department—I speak subject to correction—every department we have had before

us said they had an inventory, and that those inventories were on a cost basis; and that in turning these things over to you they credited their books and eliminated that—one of them called it “their vocabulary”, I think it was, which was new to me, perhaps because my own vocabulary is so limited that I did not understand it—but nevertheless, that is what they told us. We could find that figure, and I agree with Mr. Reid that that figure should be found. I think it is something in which everyone here is interested.

THE VICE-CHAIRMAN: You are referring specifically to buildings, or everything?

MR. McILRAITH: No, he is referring to everything.

MR. SMITH: Mr. Chairman, I put it as simply as I can; let me repeat, certain assets have been turned over to War Assets. And my use of the term certain articles is intended to be very broad, broad enough to include the whole thing—real estate, roads even; and roads are not always a liability.

MR. McILRAITH: Work done on roads by someone else is not an asset being turned over.

MR. SMITH: Because the property is being turned over for the same purpose, it is still an asset.

MR. McILRAITH: The road was never turned over or any part of it; it is a wrong figure of cost.

MR. SMITH: Well, if it has not been turned over, then, O.K.; we can take care of it. I disagree with you.

MR. McILRAITH: I went into the particular item and it was wrong; the cost of the asset turned over was wrong. I point out to you the danger of trying to be too precise in setting one off against the other, and I show you the type of difficulty that can arise, and I add the comment merely for the benefit of the committee so that they may understand it.

MR. SMITH: I understand it.

MR. McILRAITH: I am not quite so sure that you do.

MR. SMITH: Well, we do not want to get annoyed about it; I do not care for a few millions, that is nothing at all. What I had in mind was some figure of cost and some figure of realization. We should certainly be able to get that information through the various departments with respect to the disposition by War Assets, some time before we rise, some time during the hot weather when we may lose our tempers.

THE WITNESS: It might be possible to arrive at some figure at the time of the winding up of War Assets Corporation, when all the surplus is disposed of, but I do not think it is possible at any intermediate stage to arrive at that figure.

By Mr. Smith:

Q. I gathered that that stock on hand—you have no costs of it?—A. We have no costs; for instance, if we got ball bearings from the navy, and ball bearings from the army, and ball bearings from Munitions and Supply, all of them, being in the same category, will go into the one stock room and we have no way of relating them back to the original value which may or may not have been given to us.

Q. But the army or the navy would know the cost of the ball bearings turned over?—A. Yes, but until such time as all the ball bearings have been sold, then only can we total up the original cost of all the ball bearings and offset it against the sale price.

Q. But in relation to the stock you have on hand—let us assume you have got ten tons of ball bearings from the army and the navy; I do not know if that

is the way you mentioned them or not, but, assuming we have that, then the army and the navy know at what cost they turned them over to you?—A. Yes.

Q. All right; say you sold five tons, you would know what you got for them, and you would know that you have still got five tons left, and you can appropriate them to the cost as turned over?—A. If you started a thing like that you would have to stop operations of the corporation at a certain specific point and take an inventory of everything that the corporation had, price this complete inventory, and then start all over again.

Q. No, I do not think you would need to do that. Do you not carry a daily inventory?—A. We carry stockroom slips, but we have hundreds of thousands of items and, unless you freeze the movement of everything, you cannot get an inventory. I have had lots of experience of that kind of thing in connection with big manufacturing concerns, and unless you stop everything moving at one time, you cannot possibly get an inventory.

Q. Let us put it then in this way: suppose we took the stock bin things and added them together; that would only apply to small things; your major items are real estate and heavy machinery and so on, and you could find those out by estimating and by approximate figures. As I said, I would not mind a few millions.—A. What good would an approximate return figure do? What advantage would it be?

Q. Mr. Reid asked the question first, I think, and what he has in his mind I do not know; but what I have in my mind is this: we would like to find some basis of over-all comparison of moneys received as compared to moneys spent?—A. To get that figure—I do not think it is practical to get the figure myself, speaking from past experience; and I do not know what we could do with the figure when we did get it.

Q. May I suggest to you, Mr. Berry, that perhaps it has not occurred to you before; but would you mind giving the matter a little bit of thought and then, some other time, we might have a chat about it.

The VICE-CHAIRMAN: Now, I must call the committee to order; I am afraid I have given a little too much leeway.

Mr. GOLDING: Mr. Chairman...

The VICE-CHAIRMAN: Do you wish to speak to a point of order?

Mr. GOLDING: No, but just following up what Mr. Reid and Mr. Smith have been bringing to the attention of the committee, I have heard reports that the War Assets Corporation realization on disposal of equipment, of buildings, and of material and so forth—that they are realizing a much higher percentage than either Great Britain or the United States I do not know whether there is any truth in this report or not, but I would just like to ask the president of War Assets Corporation if there is any report sent out by his corporation indicating what they have realized, and what percentage it is to the original cost, up to the present time?

The WITNESS: We do issue reports, Mr. Chairman, on capital items that are sold, such as machine tools, real estate, and the percentage realized against the original cost; we can maintain that record, as I stated previously, in relation to what I broadly described as capital items.

By Mr. Golding:

Q. Have you any knowledge of how your realization compares with either Great Britain or the United States?—A. I am afraid I have no knowledge on that; but one figure does come to my mind at the moment, a return on machine tools and production equipment. For instance, we are realizing on an over-all basis 34.7 per cent of the original cost.

The VICE-CHAIRMAN: Now, gentlemen, I must remind you that we are discussing the disposal of real estate and buildings and the multiple tenancy policy; so I would ask you to restrict your questions to that topic which you will find on page five of the brief submitted yesterday.

By Mr. Jackman:

Q. Before the orders of the day are called, I have a matter which has to do with real estate, although not particularly with multiple tenancy. The other day, in the railway committee, I found that there was one company still maintained by the Crown. I do not suppose it comes under War Assets, perhaps, but it has to do with government property which has been rented by the Crown and perhaps not turned over for disposal. I refer to a corporation called "Canadair", which is an aircraft manufacturing division of the Vickers Company. The Vickers people are now out of it, and this new company is being operated, or has an agreement with the government for the manufacture of certain D.C. aeroplanes for T.C.A.; and I also understand that it is doing certain work for foreign governments, as well as work for the T.C.A., and the work for the T.C.A. is on a cost plus basis, in the government plant, using government tools in the same plant. The tools and the structure are being used by the lessees, whoever they are, this Canadair Manufacturing Company, and planes for foreign governments—changes in certain military aircraft for civilian use by these foreign governments, or, perhaps, for military use by them—I do not know. I understand there are no less than 8,000 employees, many of them undoubtedly assigned to the T.C.A. work, on a cost plus basis. No one knows how much these aeroplanes will cost the T.C.A., apparently. The president of T.C.A. stated that to construct a new Douglas aircraft in the States might run as high as \$80,000,000, but he did not suggest that would be the figure in Canada, that the Canadian cost would reach any such proportions.

I would like to give notice that I am curious to know what plants were used by private enterprise—if you like—for war production; the plants may still have been owned by the government for all I know, and the work done by private enterprise on a cost plus basis; but this was a great surprise to me to learn that we had 8,000 employees more or less on the government payroll in one company alone. At the same time I would like to find out from the proper government department how many companies are being carried on at government expense, partly or entirely, now that the war is over, and we are endeavouring to return assets to civilians and not retain them for government account and for government expenditure. Perhaps the assistant to the Minister of Supply or the Minister of Reconstruction can at least take notice of that question, if he does not wish to give any information at the present time.

Mr. McILRAITH: Mr. Chairman, first of all with respect to Canadair, I think it was Mr. Smith who asked a question about it, and that matter is now before the steering committee; it is now a live question before the steering committee, and information on it is being sought.

Mr. JACKMAN: Are there other such companies?

Mr. McILRAITH: I do not know: I will look into that, if you will let the other part of your question stand. It will be brought before the steering committee and we can get the information for you.

The VICE-CHAIRMAN: Are there any other questions on the multiple tenancy of buildings?

By Mr. McGregor:

Q. While we are on the question of the Verdun change over, I would like to say that we had an industry in my own riding which they attempted

to change over; and the municipality wanted to get the government to do the same thing with respect to it. Maybe the circumstances are not the same, but, of course, the government refused to do it, and it is using the place for a storage for War Assets material. So I would like to ask the chairman, when he talks about nine per cent of his sales, when he speaks of his cost as being nine per cent of his sales, is there anything in that cost for the cost of buildings which are rented to the government and which he is using at the present time? Does he pay any rent on them, out of his nine per cent? As far as this place at Verdun is concerned, I think it is a good move, and I think there should have been more of it done from one end of this country to the other. I would like to see a statement on the cost of conversion and the cost of operation, and what those buildings are rented for, and what it cost the government to operate them, and how much they are paying on a commission basis—if they are paying some one there to look after them and take care of the collection of rents and so on. I would like to see a full statement as to how the government stands on those things either at so much per month or in any way you see fit to put it.—A. A statement covering the Verdun operation, a statement of the costs of operation?

Q. Yes, a financial statement as to how they would stand at the end, say, of two months, or at the end of six months, or at the end of a year?—A. I will be glad to get such a statement. There was also another question as to whether the corporation included rents paid for Crown-owned buildings. We do not pay rent to the Crown.

By Mr. Reid:

Q. Have negotiations been completed yet between Canada and the United States for the turning over of all real estate owned or held by the United States in northern British Columbia?—A. To the best of my knowledge, the negotiations have been completed.

Q. But nothing has been turned over to your department?—A. Part has been turned over to my department, part to the army, part to the air force, and part to transport, and to several other interested government departments.

The VICE-CHAIRMAN: I would now ask the witness to proceed with group four.

By Mr. Shaw:

Q. I just have one question to ask. At the Verdun plant we have a government-owned plant in which private industries are operating. Does the government pay municipal taxes on that building?—A. Under Quebec law, the tenant himself in the building pays the taxes; but we have an arrangement with the government to collect the taxes; we collect those taxes from the tenants and pay them in a bulk sum to the municipal authorities.

Q. Does that take the place of the property tax? Is it a business tax or a property tax?—A. No, this is a property tax.

Mr. McILRAITH: It is the same practice used with respect to public works buildings, where they are rented. The practice is that when the Crown or the Public Works Department rent a building to a private person, that private person is taxable under the municipal tax legislation. The only difficulty you get into is: that the remedies as against the Crown, the owner of the real estate, do not arise; it is quite a story in adjusting. Mr. Smith will be familiar with it when they close out some of these things.

Mr. SMITH: You cannot sue the King, in other words?

Mr. McILRAITH: No, but they can get it as long as the tenants are in there; and if the municipality is smart enough to make arrangement to have the thing collected on a monthly basis, it works out fairly satisfactorily. It is distinguishable from the ordinary case where the Crown pays no taxes.

The WITNESS: The taxes are paid by the tenants.

The VICE-CHAIRMAN: May we now proceed with group four on page nine of the brief?

The WITNESS:

GROUP 4

Properties Sold to Provincial Governments or Municipalities for Housing, Institutional or Educational Purposes

- (a) Land may be sold at appraised value, and no addition is to be made for services or improvements which can be regarded as having no net salvage value.
- (b) Buildings may be sold on the basis of 8 per cent to 12 per cent of the original cost, such cost not including any services or improvements to the land on which the buildings stand, which may be regarded as having no net salvage value. If on leasehold land the estimated or known restoration costs of the land may be deducted from the selling price if removal of the buildings is necessary, and the purchaser must assume all liability for restoration costs.

By Mr. Reid:

Q. Is there any conflict between page nine and page one, where it deals, at letter (b), gross value arrived at; is there any conflict there between the two?—A. No, there is no conflict, because these deal with specific groups of buildings. Group four only covers properties sold to provincial governments or municipalities for housing, institutional or educational purposes, and that is the formal policy we have laid down. The property that comes within the category of group one, that is dealt with in the preamble.

By Mr. Shaw:

Q. Does this selling principle of 8 per cent to 12 per cent apply where the buildings are to be dismantled?—A. Yes, where purchased by provincial governments or by municipalities for housing purposes. We ourselves have been dismantling several camps and paying the cost of dismantling ourselves, and then we have been selling the resulting salvage to various authorities for housing purposes.

By Mr. Probe:

Q. What has been your experience in such cases?—A. I have not got my actual figures here; but we have got one job completed at Megantic, where there was quite a big camp, and we have had, I understand roughly, 800,000 board feet of lumber from that one camp; but what our returns on it will be I do not know because our figures are not yet complete and I would hate to make a guess.

By Mr. Reid:

Q. Is that 8 per cent to 12 per cent a rigid figure, or is there some leeway given? I have in mind certain buildings which I myself examined away out miles from a town which would have practically no value if you removed them, but which, in their present state, have a value; and I wonder if, in this case, the 8 per cent to 12 per cent applied?—A. There is, relatively, no leeway; we do make one exception: if somebody comes in and wants to buy, for housing purposes, generally, a complete camp say, a complete air field, which may include big hangars which cost a lot of money and which can only be removed and re-erected at a greater expense than the original cost. We have sold some of them on an average basis of 6 per cent of the original cost. I would just point

out again that these are our general policies, though there may be slight exceptions to them in a certain number of cases. We are trying to make these policies apply to 90 per cent or more of all the transactions we have put through. You can never lay down one policy that will cover every possible facet of our business. This is a delegation of the authority and of the operating principles of the corporation, and if there be a diversion from this operating policy, then, of necessity, it would have to be referred back to either myself or to one of the vice-presidents for their decision.

Q. Are the various offices in the various provinces given such authority?—

A. If the offers coming in fall within this policy, they are dealt with by the operating officer concerned; but if they are outside of this general policy, they have to come into the main office for consideration; and if there should be mitigating circumstances, we might permit a departure from this policy.

By Mr. Smith:

Q. Taking up paragraph (a), I am more or less anxious to understand: "land may be sold at appraised value, and no addition is to be made for services or improvements which can be regarded as having no net salvage value." Does that cover water, power, light and so on?—A. Not of necessity power and light. We try to define that as being items or material or facilities that are below ground level—and here again Mr. McIlraith's roads might well come under that category.

Q. Now, dealing with paragraph (b), could you give us a concrete example of buildings that may be sold on a basis of 8 per cent to 12 per cent of the original costs, such cost not including any services or improvements to the land on which the buildings stand? Perhaps you are familiar with the number two Observers School at Calgary which was built on the grounds of the old Technical Institute. Now, if I read my papers correctly, I think that the city of Calgary have taken over, or are about to take over some of those buildings for housing purposes. Are you familiar with that?—A. I am not familiar with that precise one.

Q. I was wondering, however, in that case, if water had been laid on, and light and power were in there, if a municipality like the city of Calgary were taking it over, would the cost of these things which could be used by them or by the province, would it be included in the purchase price? There is a good road there too which is still very valuable?—A. Generally, I would say would not be included, but I do not know about that specific case. Our reasoning behind this policy is: the fact that these go for housing or institutional purposes, they are not permanent buildings and at the same time they may become valueless, so that 8 per cent to 12 per cent is as near as you can make it, the salvage value, when you consider what you would get for a building which would have to be torn down and the site restored to its original condition.

Q. Well, the 8 per cent to 12 per cent is based on a salvage basis? —A. Correct.

By Mr. Reid:

Q. Speaking of paragraph (b), what steps are taken to ensure the owners of land that the purchasers would be complying with all the liability as to restoration costs?—A. In most cases, the purchaser is required to post a bond with the corporation for the fulfilment of the sales agreement for the restoration of the land.

By Mr. Jackman:

Q. What would happen in such a case as this: where the R.C.A.F. had one of their training schools in Church Street, Toronto, on the site of the old Normal

School. I presume it was declared surplus to R.C.A.F. requirements, but it is now being used as a training school for veterans in various trades which are being taught there, including matriculation subjects as well. This school is partly under D.V.A., partly under Labour, and partly under the provincial government. Can you give this committee any light on how that property is being handled?—A. If the situation is as you state—and I cannot say that it is correct—but if it is as you state that it was surplus to the R.C.A.F. and is now being used by the Department of Veterans Affairs and the Department of Labour, and by the provincial authorities, it is quite likely that that property was transferred by Crown Assets Allocation Committee to either the Department of Veterans Affairs or the Department of Labour, and that they are administering the property, it not being surplus to Crown requirements.

Q. It was turned over directly by the R.C.A.F.?—A. No, through the office of Crown Assets Allocation Committee, which has the power to transfer real estate between any two government departments.

Q. And no money?—A. No money was exchanged; it is purely a book entry.

Q. And it does not come under your jurisdiction?—A. Only as chairman of the Crown Assets Allocation Committee.

Q. But you are not responsible for it, once it is allocated?—A. No, my responsibility is to perform the function of transferring it between one department of the government and another.

By Mr. Shaw:

Q. During the war there was a tremendous number of airports established in my province—I think, probably due to the exceptional climatic conditions there—and a number of those airports have been declared to War Assets Corporation, and some of them have been sold by the corporation while others have not. Probably one reason they have not been disposed of is because they are being used as storage depots. Could a statement about the number now held by War Assets Corporation and the number you cannot dispose of because of their being used as storage centres, be given to the committee. I believe the Alberta government negotiated for the purchase of one airport, and the lumber from it is being sold to veterans. But I am particularly concerned about an airport like Bowden, which I think you have had now for several months, and where I believe you probably have an accumulation of assets which I would very much like to see you dispose of as soon as possible, because we could use that lumber right now.—A. I would be very pleased to get you such a statement.

The VICE-CHAIRMAN: Will you please proceed to the next group?

The WITNESS:

GROUP 5

Properties Sold under Priority Claims to Provincial Governments or Municipalities for Other Than Purposes Outlined in Group 4

- (a) *Land* may be sold at a fair arbitrated figure as a result of appraisal obtained by both the Corporation and the Province or Municipality.
- (b) *Buildings* may be sold at an appraised value if to remain on the land and at an appraised salvage value if to be removed *providing buildings are purchased for use by the Province or Municipality and not for resale to third parties.*

By Mr. Smith:

Q. Could you give us an example of one of those properties so that we may understand the distinction? What is the distinction between group four and group five?—A. The distinction, in that four, is to speed up the provision

of material for housing, educational or institutional purposes, on the basis of 8 per cent to 12 per cent. In five, where speed is not so essential, we proceed with the appraisal in order to get the market value.

Q. Yes, but have you an example in mind with respect to number five?—

A. I do not think I have an example in mind at the moment. I do not remember any case of number five arising. We were trying to visualize as many possible permutations and combinations as we could and to lay them down for the guidance of our officers.

By Mr. Reid:

Q. Have we any cases where the department is responsible, in the case of leased land, for making its own arrangements to maintain the site?—A. That has been done, Mr. Reid, in specific cases, not necessarily under this group. It has been done where we have sold buildings on lease-hold land, and the purchaser has renewed the lease.

By Mr. Golding:

Q. Have you found many cases where your disposal of the air field has been held up by priority of the various provincial governments?—A. No, I do not think we do. We have one or two cases where the provincial governments are studying the possibility of the use and development of such groups of buildings on specific sites for industrial purposes. There are one or two cases where there are being held up at the moment.

The VICE-CHAIRMAN: The next group.

The WITNESS:

GROUP 6

Properties sold to dominion government departments

- (a) *Land*, if not transferred direct by the Crown Assets Allocation Committee may be sold at a fair arbitrated figure as a result of valuations obtained by the corporation and the dominion government department concerned.
- (b) *Buildings*, if not transferred direct, may be sold at an arbitrary figure of 8 per cent to 12 per cent of the original cost without including in such cost services or improvements to the land on which the buildings stand which may be regarded as having no net salvage value. The purchasing department will be responsible, in the case of leased land for making its own arrangements to maintain the buildings on the site if it so desires.

By Mr. Probe:

Q. For information there might I ask if the T.C.A. or the C.P.A.—I know that T.C.A. would be considered a crown company but the C.P.A. would be private, but we can still ask the question here—have the T.C.A. or C.P.A. made any purchases of land or buildings from War Assets, or through arrangements with Crown Assets Allocation Committee?—A. From memory—I will have to check—from memory the T.C.A. have taken over certain buildings, or purchased certain buildings from us. I have no recollection at the moment of C.P.A. having purchased any. I will try to investigate that and give you an answer; and I suppose you also want the location of the property?

Q. That is right.

Mr. McILRAITH: If you intend your question to include air fields, the Department of Transport handle air fields properties. They would be purchased by them.

Mr. PROBE: That is right.

By Mr. Shaw:

Q. I find it just a little difficult to understand this; you have two buildings, both owned by the crown; you might transfer one to the crown, I assume, and then you might sell the other one to the crown who are already the owners, after you have paid the appraisers fee. Would you explain that.—A. I think I can make that clear by stating that this group 6 in the main covers sales to I believe it is the Veterans' Land Act, who purchase these buildings or take them over in the course of their normal business—They purchase land and purchase properties and sell them to veterans, under I am not quite sure whether it is the Veterans' Land Act, I believe it is; and this group is particularly intended to take care of that, where another government department has authority to resell the property. In that sort of case group 6 here applies, where we appraise the buildings and the land and sell it to them; otherwise they would be getting some crown properties to operate under their own Act which they would really dispose of, and the cost of obtaining that property which they sold would never appear in their books if they were transferred to them direct. This is quite involved. I do not know that I am making myself entirely clear.

Q. I think I understand your explanation, Mr. Berry. I do not know that I appreciate entirely the method. After all, you are only acting on instructions as far as these regulations are concerned. You do not make these regulations.—A. I make the procedures to carry out the policies that are decided on.

Q. They have to be approved then, we will put it that way.—A. Normally the payment or non-payment for war surpluses by government departments is based on regulations made by the treasury board. For instance, the cost of transferring properties through the Crown Assets Allocation Committee from one government department to another exacting a cash settlement from the receiving department is approved by the treasury. They work on that basis because a piece of real estate to a government department is a liability and they have to provide funds, get funds through their usual appropriations for the operation of that property; and they do not dispose of that property, they have to carry it in their books.

Mr. SMITH: In other words, take the Veterans' Land Act, or whatever land act it is, they have on their books the cost of this property, and therefore you have these things appraised and they are set up on that basis in their books.

The WITNESS: That is the situation.

Mr. BLACK: It seems to me that we would understand this a little better if there were a schedule attached to each one of these groups of the different classifications of property; the name of them, their location, what they cost the crown and the amount for which they are disposed of. I would not suggest that it include properties of small value, but they could be grouped say twenty-five small properties obtained at such and such a cost for which such and such an amount was realized—special categories for each group. Then we could study it much more readily, and it would be much more practical.

The WITNESS: In a brief presented by one of the officers of the corporation on December 4, 1945, I think there is an appendix which covers typical sales in various groups. That will be found on page 139, et seq. If we start to list everything we have sold and everything we have done—I must state, Mr. Chairman, that there are a tremendous number of these transactions going on all the time. It is quite a job, and to take the people off the business of disposing of war surplus to start listing off a lot of properties and one thing and another—it will not hurry up our procedure of getting rid of war surplus, and I must say that I am heartily in sympathy with that objective—I want to say that I would like to keep my people on that work.

Mr. McILRAITH: There is another statement of a similar nature which will be found on page 52 of this year's evidence.

The VICE-CHAIRMAN: That refers to industrial buildings.

Mr. McILRAITH: Covering certain industrial buildings, but it might be of some help.

Mr. BLACK: There are only twenty-five properties listed there.

The WITNESS: We might get one camp with four hundred buildings on it, and it is quite possible that there might be four hundred separate purchasers, one for each building. The records are all available but they are in such form that somebody would have to dig them up, start picking them out as individual items and find what surplus they came from. They would have to be listed on foolscap and then somebody would have to type this thing out; and by the time you would have it finished you would have taken up a lot of time which could very well be otherwise spent. I will be glad to provide any information which may be required on these records, but it is going to mean a great deal of extra work for my organization.

Mr. BRADETTE: If there are any particular things which one member would like to know. Personally, I do not want anything, but I know some cases where they might want information.

Mr. BLACK: What I have in mind is that there might be a schedule of properties of certain values. I do not know what range to fix, but you might start with say those having a value of say \$20,000, those having a value of \$50,000, those having a value of \$100,000 and so on; give us the number of properties in each group, what they cost originally and the amount at which they were sold. This, with respect to the items below the minimum group taken, you might just indicate generally that there were so many properties which cost such a sum for which such and such a sum was realized. Then we would have something on which we could work. As far as I am concerned, while it is interesting evidence, it has no personal value so far as I am concerned unless it applies to specific properties.

The DEPUTY CHAIRMAN: Will you refer to the appendix appearing at page 139, Mr. Black, and at the next meeting tell the witness what you require in addition to the information already given on that point?

Mr. MCGREGOR: Take one particular case there—if I am in order, I do not know whether I am or not—that Research Enterprises at Leaside. That was sold for 28.74 per cent of value. Now you might possibly explain why that was sold for that particular price. That might give us something to go on. The reference to that is on page 52 of this year's evidence.

Mr. McILRAITH: I believe I can answer that, Mr. Chairman.

The WITNESS: I was requested, Mr. Chairman, to prepare a statement on the buildings and properties in the list which were sold at less than fifty per cent of their original cost. Included in that list is the sale of the property to the Corning Glass Company just referred to. I have a statement here. I will be glad to read it into the record now, if you like.

The VICE-CHAIRMAN: Well, gentlemen, I personally have no objection, but we are getting away from the subject under discussion. This relates to industrial plants, and we are now discussing properties sold to the government departments. I am in the hands of the committee. Do you wish this statement to be read at this time?

Mr. STEWART: I knew of that statement yesterday, the witness told us he had it. I thought it was going to be incorporated in our minutes, otherwise I would have pursued the matter further when it first came up yesterday.

The VICE-CHAIRMAN: Would you accept its being taken as read?

The WITNESS: In accordance with the request of the committee I prepared a statement on each one of these properties sold at less than fifty per cent. I am proposing to read that into the record at any time suitable to the committee.

Mr. STEWART: I think much of the information on that list would be of interest to the committee.

The WITNESS: I would point out that I am trying in this brief to outline the general policy under which the corporation operates.

Mr. STEWART: Quite.

The VICE-CHAIRMAN: Is it the wish of the committee that this statement be printed in to-day's record as an appendix?

Mr. MCGREGOR: Have you a complete list of your sales of that up to date? Is that what you intended to put into the minutes?

The WITNESS: No. I was requested by the committee to prepare a statement on the basis of that particular list that you have in front of you there, of all the buildings or properties which were sold and which showed a less than fifty per cent return on the original cost. I have prepared individual statements on each one of these cases on this list on page 52.

Mr. MCGREGOR: I think we should have it.

Mr. STEWART: Mr. Chairman, I will move that this statement be incorporated as an appendix to to-day's proceedings.

The VICE-CHAIRMAN: Gentlemen, you have heard the motion, what is your pleasure?

Some Hon. MEMBERS: Agreed.

(Statement as to properties sold for less than 50 per cent of original cost, as listed on page 52, appears as an appendix to this day's proceedings.)

By Mr. McCullough:

Q. Would such statement include the fact that there was a previous arrangement to sell at the time of building in reference to Research Enterprises? My understanding is that there was a previous arrangement that they would be sold to the Corning Glass Company; if that is correct, would such statement be included in the prepared statement?—A. I do not quite understand that. There was no previous arrangements to sell the property to the Corning Glass people until the Corning Glass Company approached us and opened negotiations. In other words, in the original construction of the plant, or at any point following that, to my knowledge, there was no option given to any specific person to buy any specific piece of property in that company. Is that the information you want?

Mr. McCULLOUGH: Yes.

Mr. McILRAITH: By the way, Research Enterprises is already answered in reply to a specific question by Mr. Fleming. All the sales are completed there, and the three above specifically covered in answers already made and in the record. That one is probably explained there.

Mr. MCGREGOR: Yes, but does it give the reasons as to why that particular building was sold for 28 per cent (plus) of its cost?

Mr. McILRAITH: I do not recall it. It is in the evidence of April 16th, I think.

Mr. STEWART: Yes, at pages 134 and 135.

Mr. McILRAITH: I think the thing is probably covered by this sentence:

"sold for \$150,000 cash—and with the agreement providing a certain obligation to provide steam heat to possible purchasers of other buildings."

I think the whole thing centres pretty well on that sentence.

The Vice-CHAIRMAN: Shall we proceed to group 7?

The WITNESS: Group 7

GROUP 7.

Crown-owned Land and Buildings (General Policy)

- (a) When received by the department, the general particulars of a declaration are to be recorded.
- (b) Files of all enquiries received in advance of the declaration including priority requests are to be drawn from central registry and amalgamated with the main file.
- (c) File is to be passed to the legal division for examination as to the completeness of the accompanying information and documents and, if such are found to be incomplete or inaccurate, requisition is to be made to the declaring department for such additional documents as are required.
- (d) File is then to be passed to the real property section and, provided examination of the file does not divulge prior rights to purchase by former owners, priority claimants are to be contacted. Priorities are to rank in the order stated: (1) federal government departments; (2) provincial government departments and (3) municipalities. Public bodies also rate as No. 3 priorities but junior to municipalities. These priorities are to be given a reasonable time to indicate interest in negotiating for the property.
- (e) At the same time as possible priority claimants are written an appraisal is to be requested either from a competent real estate broker or, as in the case of farm lands, aerodromes and landing fields, from the Canadian Farm Loan Board or such other appraiser as is considered competent to perform such work. Where the amount involved is of some proportions, a second or even a third appraisal may be called for and if possible an outside as well as a local appraisal is to be obtained.
- (f) Appraisals, when received, are to be studied by the lands and buildings department and, provided a negotiated sale has not already been concluded with one of the priority claimants on the basis outlined in groups 4, 5 and 6 above, a tentative value is to be set for the property as a result of this study. The tentative value as established by appraisal is to be the offering price to priority claimants wishing to purchase.
- (g) In the case of valuable properties having other than a local interest, which are not purchased by priority claimants, such properties are to be advertised for sale in accordance with the usual procedures, and when offers are received such offers are to be compared with the appraised or tentative value (see paras. (e) and (f) above).

If the lands and buildings department does not consider the offers fair and reasonable in relation with the tentative value, the department will attempt to negotiate a more favourable sale or may proceed as in the case of properties having "a local interest only" (See (h) following.)

By Mr. Stewart:

Q. May I interrupt you there. Supposing that as the result of your negotiations you can't get a higher price, you would simply sell it for what you could get?—A. I think I must answer "yes" to that question. If we are not satisfied with the value offered for a property we have to attempt to negotiate a better sale.

Q. Supposing you get an offer which is ridiculously low, do you sell anyway, or do you keep the property for some time in the hope of getting a better offer?—A. If it were a ridiculous offer we would probably keep the property. I know of no case of that having arisen yet.

By Mr. Jackman:

Q. Might I ask Mr. Berry what his scale of fees is on appraisals?—A. I believe the reply was given to that yesterday.

MR. SMITH: It is the standard of the real estate organization in the community.

THE WITNESS: Yes, the standard of the real estate organization in the community, wherever that appraisal is made.

By Mr. Jackman:

Q. While that policy may seem to give some assurance that the price received will be fair, I do not suppose that was the policy used in acquiring these properties. As I recall there was a real estate acquiring department set up by the government which acquired all the properties acquired for the use of the services, and I presume for munitions and supply also, but I do not recall having heard that they had obtained an appraisal before they bought or expropriated any such properties. I mean, we hear, we know—well it seems the logical course to follow; whether it is the most economical or necessarily desirable course to follow in the disposition of properties; do you not think that the men who are in charge of your disposals cannot form a reasonable estimate on the current value of the property based on the original cost of the property if you like, and what they know from general knowledge to be the situation pertaining to local property?—A. I believe, yes, they would have sufficient knowledge generally, to appraise, reasonably, any property across the Dominion; but unfortunately I have only three top men, and these properties are all across the Dominion, so I must get outside help to deal with them. That is one reason why we must have outside appraisers; and secondly, I think there should be an appraisal made by independent men in order to make sure that our judgment is correct.

By Mr. Jackman:

Q. I think it would be for your protection to have these outside appraisals, but when you apply it to the fees payable upon millions of dollars worth of property, it means quite a considerable item. I wonder if it would not be almost better if you commandeered two or three capable experts on real estate as you did when the property was acquired originally, and let them make their estimates?—A. I am afraid the situation is not quite the same as it was during the war; there is not the urge now for people to come forward and volunteer to work for the government.

THE VICE-CHAIRMAN: I suggest it would be better to let the witness finish the statement on this group. We are at sub-paragraph (h).

The Witness:

- (h) In the case of properties having a local interest only, they may be either advertised as in (g) above or if the services of responsible real estate brokers are available in the locality one may be selected as a listing broker. A contract may be entered into with him in which he undertakes to re-list the property with all other brokers in the area and commission on any sale completed by the corporation is to be paid on the basis of the prevailing established local rate for selling the type of property involved. This rate is to be set out in the agreement with the listing broker and the names of all brokers with whom the property

is re-listed must also be set out in the agreement. Co-operating brokers must deal through the listing broker through whom all changes in the listing price of the property or other pertinent data will be distributed.

Any offers received must be submitted to the corporation for approval and any sale of land is subject to the approval of the Governor in Council. The listing broker for his services is entitled to an overriding commission of 25 per cent of the standard rate but if he sells the property himself he is to receive the same commission as would be payable to other brokers co-operating. (In this way the property gets wide distribution and competitive effort should assist in reasonably quick disposal.)

In cases where the services of real estate brokers are not available, or in isolated areas or where the value of the property is of small proportions, posting a notice in the local post office or some public building may be substituted for advertising.

By Mr. Jackman:

Q. Does the real estate broker get the over-riding 25 per cent commission in addition to the standard rate of commission where he sells the property himself?—A. He gets only the ordinary commission. He only gets the over-riding commission of 25 per cent if the property is sold by another broker.

- (i) An individual may deal direct with the corporation if willing to offer an amount which can be recommended of acceptance based on appraisals obtained or bids received and provided that all priorities have been cleared.
- (j) When an offer has been received which appears to the director to be acceptable, a formal offer containing proper legal description and terms is to be submitted by the legal division to the prospective purchaser for signature. The full amount of cash payable is at this time required from the purchaser and the signed offer is then to be submitted to the proper signing officers of the corporation and recommended for completion.

The same routine is to be pursued where the property has been sold by tender. Advertisements for sale must stipulate that any sale of land is subject to the approval of the Governor in Council.

- (k) The legal department will arrange for an order in council and letters patent by means of which title is conveyed.
- (l) In the department itself, the file is to be passed to the records clerk responsible for recording details of the sale after any portions of the declaration not included in the sale and not coming under the jurisdiction of the lands and buildings department have been transferred to the department of the corporation dealing with such materials.
- (m) Properties not sold within a reasonable period are to be reviewed by the director of the department and if considered advisable the selling price may be reduced or a listing with a broker cancelled and the property disposed of by the public tender or bid method, or further advertising undertaken. In the case of aerodromes or landing fields it is considered more satisfactory to dispose of land, buildings and fences as one entity but, as the buildings on such fields are of a temporary nature and are subject to rapid deterioration, it may be advisable in some cases to dispose of them separately from the land. This may happen where the buildings are urgently required for housing, institutional or educational purposes.
- (n) Of necessity the sale of real property of the nature described in the foregoing remains an operation of head office rather than of the branches due to the fact that legal descriptions, documents, rights of former owners etc. are all in the possession of the declaring departments in Ottawa and must be controlled through one central point at head office.

By Mr. Probe:

Q. In the event of land under this category being sold, is there a possibility that a broker or a group of brokers may also receive commissions on the sales by public tender?—A. If the land is sold by public tender, we do not recognize the payment of commission by the Crown.

Q. Is it the usual procedure to try to list the property in the first place and then if it does not move, to resort to public tender?—A. We usually try to list first, because we have found that we get better results following that procedure than by straight advertising, but much will depend on the type of property you are dealing with.

Q. What about the sales to T.C.A. or to C.P.A? Mr. McIlraith indicated that the Department of Transport would be likely to be interested in quite a number of these properties so I would like to have the Department of Transport included in the answer, in so far as aerodromes or aerodrome landing fields are concerned?—A. I could not tell you if those properties going to the Department of Transport are to be used for T.C.A. or not.

Q. I want to know what landing fields were acquired for the Department of Transport through War Assets or Crown Allocations Committee, because it may be that the Department of Transport has the title. I had not thought of that when I phrased my question in the first instance?—A. Just on that particular point, our standard procedures on aerodromes and related properties are: when they are reported as surplus, we transfer them automatically to the Department of Transport who examine those properties, as to their future use in the air pattern across the Dominion; and, having examined them, they keep or hold them themselves, if they are required in their pattern; but if not, they report them back as surplus to us.

Q. Therefore, you do not know what properties they have retained for such purpose?—A. I would know what properties I have transferred to them.

Q. And from your other records you would know what sales have been made to T.C.A.?—A. In some cases we transferred aerodromes to them; but they might report back four out of ten buildings on that aerodrome.

Q. Where an interest is shown, you can cover it?—A. I think I get the tenor of the question, anyway.

The VICE-CHAIRMAN: Did you have a question, Mr. Winkler?

Mr. WINKLER: No.

The Witness:

GROUP 8

Surplus buildings which must be removed from the site whether on leased or Crown-owned land

- (a) Procedure in this type of declaration is similar to that followed in sub-sections (a), (b), (c) and (d) of group 7 above except that in addition the real property section is to prepare a digest of any lease document to ascertain rights of lessor, responsibility of lessee and any unusual features therein contained.

Should it appear as a result of the study of the file that a negotiated settlement of the lease should be made and that the Crown-owned buildings may become part of the lease settlement, the procedure set out in group 9 below is followed.

To save time, if the owner has prior rights of purchase included in his lease, he is to be contacted and his interest in the buildings ascertained. This also applies to cases where no evidence exists that proper arrangements had been made for use of the land on which the buildings are erected.

In the interim, the branch office of the corporation in the district where the property is located is to be given a general description of the buildings involved and a complete field inspection report on forms prepared for this purpose is to be made.

Field inspection report forms are to be submitted in duplicate and from such reports the property engineer of the department is to estimate the salvage values and probable restoration costs of the site.

Provided a sale is not made to an interested priority purchaser a sales directive is then to be issued to the branch office affected accompanied by the following information:—

- (1) List of enquirers on record with the department.
 - (2) Copy of field inspection report with estimated salvage values and restoration costs.
 - (3) The tender number.
 - (4) Any general or specific information pertaining to the methods of disposal together with amount of deposit required as a guarantee of restoration of the site.
- (g) Upon receipt of this directive, the branch will proceed to advertise the surplus buildings in accordance with established advertising procedure notifying all known interested enquires of intention to do so.
- (h) Advertisements will specify:
- (1) That it is not necessary for a tenderer to bid on all the surplus but an offer may be submitted for any part.
 - (2) That the use to which the surplus is to be put will be a determining factor in accepting any offer.
 - (3) That, in addition to the full price of the surplus, a further deposit is required as an evidence of good faith that the conditions of the sale, such as the restoration of land, will be carried out by the purchaser.
- (i) The branch manager may accept tenders up to 20 per cent below the salvage values established by the property engineer and forwarded with the sales directive. This acceptance may be used in three ways:
- (1) In the ordinary acceptance of the highest tender where no special problem arises.
 - (2) In cases where, in the proposed use of the surplus the branch manager is of the opinion that, in the national interest, a situation prevails in which it is more advisable to give consideration to a tender other than the highest tender, he may give the maker of the lower tender an opportunity to meet the amount of the highest tender and, if so met, award the tender to such other party. A full report justifying such action must be made immediately to head office.
 - (3) Should the lower tenderer be unable or unwilling to raise his tender to the amount of the highest tender then the branch manager may not award such tender but may recommend to head office the acceptance of any lesser amount offered. His recommendation must be accompanied by a full report in justification thereof.
- (j) The use of the discretion afforded in sub-section (i) above must be used sparingly and subject to special considerations only, the surplus must be sold to the best financial advantage.
- (k) All tenders received must be dealt with in accordance with established procedure for the handling of tenders. Tenders must be kept in locked boxes with two keys, both of which are required to open any box,

held in the custody of separate individuals. Tenders received will be abstracted under two headings: "Individual Tenders" and "En Bloc Tenders". Full particulars of all tenders received and awards made must be forwarded to head office for record purposes. When only "en bloc" tenders are received contracts may be awarded within the 20 per cent discretionary limit as set out in (i) above. When individual tenders are received for only some of the buildings tenders will be similarly awarded for those buildings and the "enbloc" tenderers may be asked to submit new tenders for the remaining buildings which in turn will be dealt with in the same manner. If no tenders are made for the remaining buildings they are to be re-advertised.

- (l) On the customer's and acknowledgment copies of the sales order awarding any tender a condition will be imposed calling for a deposit as a guarantee of the fulfilment of the terms of the contract, particularly as regards restoration of the site.
- (m) On demolition and removal of the buildings the branch manager will have the site inspected and satisfy himself that the contract has been properly carried out.
- (n) He will then notify head office that the lease may be cancelled (if the buildings are on leased land) and in turn head office will notify the holding department to cease paying rent and forward to the lessor a form of notice cancelling the lease and requesting a release of all Crown obligation thereunder.
- (o) The procedure above refers to disposals having an estimated salvage value of some proportions. In cases where it is economically unsound by reason of location or limited value to have inspections made it will be probable that reasonable estimates can be made of salvage value from information at head office. In such cases, also, advertising will be limited to such methods as the placing of notices in local post offices, public buildings etc.

By Mr. Bradette:

Q. On page 17 of the brief, section (i) sub-section two:—

In cases where, in the proposed use of the surplus, the branch manager is of the opinion that, in the national interest, a situation prevails in which it is more advisable to give consideration to a tender other than the highest tender, he may give the maker of the lower tender an opportunity to meet the amount of the highest tender and, if so met, award the tender to such other party.

I suppose that would include property given to provincial governments and other institutions?—A. No, that is automatic that priority. National interest would envisage a building for manufacturing purposes as opposed to a building for use as warehousing. That would be a somewhat simple example of it.

By Mr. Smith:

Q. On the same page, you state: "That the use to which the surplus is to be put will be a determining factor in accepting any offer." However, in any event, you provided for individual purchases of en bloc purchases. In sub-section (l) you say: "On the customer's and acknowledgment copies of the sales order awarding any tender, a condition will be imposed calling for a deposit as a guarantee of the fulfilment of the terms of the contract, particularly as regards restoration of the site," and it is covered in more detail in sub-section (k) on page 18 of the brief. What I have in mind is this: Let us assume that you get tenders for individual buildings, and that they are fairly high; and then you receive an en bloc tender which also seemed satisfactory

to you, do you invariably re-notify the en bloc people? How do you determine? I am not speaking in a critical manner, because I think I can see your difficulty; but how do you determine, having regard to the en bloc offer when you already have an individual offer for one building? How do you make up your mind as between those two.—A. Particular deals which I have examined indicate that the en bloc man in most cases signifies the price for each building which add up to his en bloc tender. In one particular case I examined a certain group of buildings and not all of them were sold to the en bloc man as his individual bids on those buildings were higher.

Q. But, supposing you get an en bloc offer, and the man would not want any of the buildings unless he could get them all, how would you get out of that?—A. If we carried that still further, we would be offering them back to the man, to the en bloc man, and offering them for sale as individual buildings a second time, and it would take some considerable time, so I think it has to be left as a matter of judgment to the individual who is handling the sale. I do not think there is any way you can put that down in writing.

Q. I do not think so either. I was just wondering how you would handle the thing.—A. I have been spending a lot of time on this and I am gratified that we have managed to get the procedure as closely as we have because there are so many permutations and combinations with respect to real estate that it is terrific.

Q. You just do the best you can?—A. We just do the best we can; these are lines of policy only.

Q. But there is no rigid policy; you just use the best judgment you can?—A. We just use the best judgment we can to get the best financial return, generally.

THE VICE-CHAIRMAN: Are there any further questions on this particular matter?

By Mr. McGregor:

Q. There are certain conditions here which I suppose would meet almost anything that came along. I see you have the tenders locked up in a box, and that you have to take two men down to unlock the box. You have got that drawn up pretty well. But I would just like to know what happens; what are the particular conditions that would cause you to give it to a man who has a lower bid than to the other fellow? For instance, what about the air force store sheds at the foot of Yonge Street in Toronto? I see that they are being torn down at the present time; could you tell us the story about that, who got them, what they were sold for, and why?—A. I have not got that at my finger tips, but I could easily get it for you.

Q. It was sold by War Assets?—A. Yes, I believe it was; the way that is being handled—that space is, I believe, required by the city, but I am talking without the exact knowledge. We made arrangements with them that we would tear down those buildings as they are vacated. Exactly what the sales terms are, I do not know; but I could get a statement for you.

Q. Have you got a particular case you could give us as a sample of just what happens to those things? Perhaps the tender is locked up so tightly in that box that you cannot get it out?—A. I cannot say that I have a particular example in mind, but this is the procedure that we follow in at least 90 per cent of the cases. The other 10 per cent may be different problems.

Q. But the branch manager can accept up to 10 per cent as the salvage price? That would be pretty low.—A. That is an arbitrary value of our own corporation officials which they put on buildings. We are talking about surplus buildings which must be removed from their site.

Q. What would be the salvage value of a building which costs \$100,000?—A. Very generally, between 8 per cent and 12 per cent of the original cost; but if you have a hangar the salvage is less than that again. I know of one

hangar that cost \$129,000 to put up new. It was purchased and taken over and moved out to another site, and the cost of doing that was \$139,000, for taking it down and putting it up on another site.

Q. That's a good idea, as long as you are in on it.

Mr. SMITH: There is one born every day.

By Mr. McGregor:

Q. What would "20 per cent less than salvage cost of that be?"—A. I think that would still be a negative figure. The actual salvage cost of that building might well be something because the hangar frame might contain a fair amount of steel that would be useful. But to tear that building down and re-erect it as a building again, there would be a loss.

Q. I cannot understand how a person could buy a building for 20 per cent less than salvage?—A. The salvage figure referred to here is one established by the officers of War Assets Corporation as being a reasonable salvage value. They might be as much as 10 to 20 per cent out either way.

Q. If you have not got a concrete example, it is pretty hard to get any place with it.—A. I am afraid I couldn't give you a concrete one.

The VICE-CHAIRMAN: Will you proceed with group nine, on page twenty?

The WITNESS:

GROUP 9

Lease settlements where negotiation is involved.

- (a) Lessors may fall under the following headings: provinces, municipalities institutions or private owners.
- (b) After the usual procedure in office routine as in groups 7 and 8 above, the lease is to be studied by the real property section and the main features covering the rights of the Crown and the owner are to be summarized.
- (c) The director will decide upon a qualified negotiator to act for the corporation and such negotiator will be furnished with all pertinent data available.
- (d) The negotiator may employ, to enable him to ascertain cost and salvage values, any technical assistance he may require. With this assistance, he will obtain.
 - (1) Cost of restoration of any permanent buildings.
 - (2) Net salvage value of temporary buildings.
 - (3) Cost of restoration of land.
- (e) If possible, he will obtain from the lessor a detailed statement of claim and with this and his own figures proceed to negotiate for settlement. If he obtains an offer of settlement which he is prepared to recommend he shall submit it to the lands and buildings department, together with a full report. Buildings may be used as part of the lease settlement.
- (f) The director of lands and buildings department will consult officers of, and advisers to, the corporation as necessary and if the report is acceptable, a formal agreement is to be prepared by the legal division for submission to the lessor for signature. The settlement must provide for a complete discharge of all the Crown's liability, cancel the lease as of a certain date and provide for all adjustments as of that date.
- (g) The negotiator may not commit the Crown to any settlement and must adhere to the terms of the lease. In certain cases, however, where the Crown has enjoyed occupancy for some years at nominal rent, it may be found necessary to give consideration to moral as well as legal liability.

By Mr. Smith:

Q. On page 20, section (c): "the director will decide upon a qualified negotiator to act for the corporation and such negotiator will be furnished with all pertinent data available." Would that be a member of the corporation or an outsider?—A. No, usually it is an outsider, Mr. Smith.

The Vice-CHAIRMAN: Now, group ten.

The WITNESS:

GROUP 10.

United States properties in Canada

- (a) Under the thirty-third recommendation of the Permanent Joint Board on Defence, an agreement was reached between Canada and the United States whereby in the case of buildings or similar installations surplus to U.S. requirements each government will appoint a qualified appraiser and the two appraisers will agree on the fair value of each facility at the time and place of appraisal.
- (b) War Assets Corporation is appointed as appraiser for the Canadian government and in turn War Assets Corporation appoints a representative to deal with the U.S. government representative in appraising these properties.
- (c) Should the two appraisers not agree on the fair market value of the facilities they will select a third appraiser to determine the value.
- (d) The Canadian government, through War Assets Corporation, pays to the U.S. government the amount of the appraisals which have been agreed upon and the corporation takes custody and proceeds with the disposal in accordance with the foregoing procedure.

By Mr. Smith:

Q. Again, in the middle of that page, paragraph (b), is that an official of the corporation?—A. No, we have had two outside appraisers appointed who are independent men.

Q. Do you remember who they are, off hand?—A. I do not remember the first one; the second one was Mr. E. E. Poole, I think of Edmonton, of the E. E. Poole Construction Company. I would like to add that he did a really magnificent job and put in a tremendous amount of work for the corporation.

Q. I am glad to hear you say that because he is a friend of mine.

The Vice-CHAIRMAN: Group eleven.

The WITNESS:

GROUP 11.

War Assets Corporation has avoided disposing of surplus properties by way of leaseholds, preference in every case being given to outright sale. In some cases, however, it appears expedient to allow of Crown assets being made available for industrial use by way of lease.

Crown owned properties which are made available to users by leasehold may be divided into three classes, as follows:

1. *Multiple tenancy projects.*

The operation and the policy underlying these have been fully dealt with elsewhere.

2. *Straight leases for a definite term.*

In these cases, the principle on which the leases are based is broadly that the Crown should be paid not less than 3 per cent estimated commercial capital

value of the assets per annum as rent clear of all charges. The lessee is required to maintain the property insured in favour of the Crown against loss due to fire and certain other hazards. The lessee must be responsible for the proper upkeep and maintenance of the property which must be returned to the Crown, on termination of the lease, in the same condition as when passed to the lessee, fair wear and tear excepted.

3. *Problem cases.*

In these cases, including certain former aircraft plants, the buildings are of such design that a considerable proportion of the original costs were necessary due to specialized design for war production. These buildings may not only be poorly suited to ordinary industrial use but may entail very heavy costs for maintenance, heating, and other charges quite out of line with similar costs in proper industrial buildings. Where it is considered advisable to lease such buildings, the basis of rental is to be worked out on a basis to bring the rent paid to War Assets Corporation, plus heating, maintenance insurance and other charges in line with that obtainable in the vicinity for similar areas of ordinary industrial property. In these cases, the lessee is required to pay all charges and a flat rate per square foot as rent to the corporation.

By Mr. Bradette:

Q. The first part of that would corroborate what Mr. Shaw said: that we should not encourage the renting of those buildings for a long time.

By Mr. Shaw:

Q. I was opposed particularly to their leasing or renting these properties for any lengthy period. I was concerned only about the part War Assets might play in it over a period of years.

By Mr. Smith:

Q. With respect to paragraph 2 of this group, group 11:

"Straight leases for a definite term. In these cases, the principle on which the leases are based is broadly that the Crown should not be paid less than 3 per cent of the estimated capital charge value of the assets per annum as rent clear of all charges."

That is, 3 per cent net to the Crown?—A. Yes.

Q. And in the same paragraph you refer to "certain other hazards." What do you mean there, cyclones or earthquakes?—A. The usual, insurable hazards. I think fire is the only one I know of; fire, explosion, and the usual type of hazards.

Q. In other words, it is fire, and you are not concerned with cyclones?—A. Fire and supplementary hazards, I think that is the correct expression.

Q. Under paragraph 3, I wonder if you would elaborate that a little bit? I could see, generally, that an air building might not be immediately adaptable, but have you some building in mind to explain that? You say that these buildings may not only be poorly suited to ordinary industrial use but may entail very heavy costs for maintenance and so on?—A. I think a good example of that might be MacDonald Brothers Aircraft in Winnipeg. That is a very high building built specifically for airplane work which is now rented to MacDonald's for other than airplane work.

By Mr. Benidickson:

Q. For what other work?—A. I do not know what other work at the moment.

By Mr. Smith:

Q. Where it is considered advisable to lease such buildings, the basis of rental is to be worked out on a basis to bring the rent paid to War Assets Corporation, plus heating, maintenance, insurance and other charges in line with that obtainable in the vicinity for similar areas of ordinary industrial property. Now, what precautions do you make as compared to private buildings in the same area? Where do you end up on a percentage value as compared to your 3 per cent?—A. You might end up with 1 per cent or at any point by the time you get finished with it.

Q. Or even with nothing at all, I suppose?—A. It is possible. Alternatively if there is no ready sale for that building, and if we do not make some arrangement of that type, the Crown is faced with maintenance costs on that building in keeping it in order and safeguarding it. In some cases it might pay us to let somebody occupy the building for nothing, under extreme circumstances.

Q. It could come to a place where the only thing to do is to reduce it to salvage, simply to use your own judgment as to whether there is a return? Take the building you spoke about in Winnipeg; what is our net position in respect to that building?—A. In relation to the 3 per cent formula here?

Q. Yes, is it 2 or 1?—A. I do not know; I have not figured that out.

Q. Somebody must have figured it out to make sure we are losing money?—A. We figured it out, and we are getting quite a piece of rent for it.

Q. Would it be too much trouble to take that one instance?—A. Very well, right.

By Mr. Bradette:

Q. Would you allow me, for my own information, to say that, as in the case of Mr. Golding, the farmers in my section have no hydro and they are all interested in Delco electrical plants. The last time I was in Montreal I tried to see the head of the electrical department, but he was away and his assistant was busy. Are there any such machines available?—A. I am afraid that is rather a broad description. Is this a portable plant or a big one?

Q. There are different types, I understand. I believe that the Americans have left quite a number in connection with the construction of the Alcan Highway. I wrote about this eleven days ago but I have got no answer as yet.—A. I would be very glad to check it up for you.

Q. Please, because it means a lot to my section if we could get some of that surplus material there.

The VICE-CHAIRMAN: If you would allow the witness to finish his statement.

The WITNESS:

POLICY OF WAR ASSETS CORPORATION FOR TIME PAYMENTS ON SALES OF LANDS AND BUILDINGS

Negotiations for the sale of lands and buildings should be proceeded with on the assumption that payment is to be cash on closing. In some cases, however, the purchaser will request, and it may be found advisable to accept payments over a period of time. Such requests may be acceded to and time payments accepted only in the following cases and on the following conditions:—

- (a) It is considered to be in the national interest that the property be sold to the purchaser concerned and such purchaser is unable to make other suitable financial arrangements for payment;
- (b) A down payment of not less than 20 per cent of the total purchase price is made;
- (c) A mortgage or other suitable charge or security on the land and/or buildings sold covering the balance of the purchase price is given by the purchaser (if the sale is of a building on the purchaser's own land, a mortgage on such land should be given);

- (d) Insurance against fire and other risks usually insured against (i.e., supplementary coverage) to the extent of the unpaid balance of the purchase price is to be placed by the purchaser at his own expense in favour of the Crown;
- (e) Payments (including complete amortization and interest) in no case to extend for a period longer than 15 years. Every effort should be made to confine this period to 10 years or less.
- (f) The balance unpaid from time to time to bear interest at the rate of not less than $3\frac{1}{4}$ per cent per annum (except as mentioned below). Such interest shall be calculated from the date of the sale and payable annually;
- (g) Where an assignment of a refundable portion of excess profits tax repayable to the purchaser is taken by way of security for the unpaid balance of the purchase price, interest on any amount paid to the Corporation out of such refundable portion shall be at the rate of 2 per cent per annum. As the amount of such refundable portion cannot always be ascertained at the time of the sale, interest should be shown as $3\frac{1}{4}$ per cent with a credit of $1\frac{1}{4}$ per cent to be given on any amount paid out of such refundable portion;
- (h) An assignment of a refundable portion of excess profits tax as above is to be regarded as further security and not as taking the place of a mortgage.

The VICE-CHAIRMAN: I wish to remind the members that this latter part of the brief was distributed to the members on the 2nd of May, as a supplement to the main statement.

By Mr. Smith:

Q. That $3\frac{1}{4}$ per cent, is that the same rate, right across Canada?—A. Yes.

Q. It is rather different from the policy followed by the loan and mortgage companies as between eastern and western Canada?

By Mr. Shaw:

Q. Is it true in the case of multiple tenancies that the corporation is involved to the same extent? That is, do you, through your managing agents handle all these cases?—A. The only time we have an agent who is relatively a permanent agent is in the case of multiple tenancy. Where we have renting agreements, the rents are collected by War Assets directly and not through an agent.

Q. Do you feel that you should get out of this field or remain in it?—A. I think we should get out of the job of selling surplus as fast as we can.

Q. I suggest that you get out of collecting rents and so forth, and I suggest that this committee give some consideration to that, to a recommendation in that regard because I think it would help you in your other tasks if you did not have to bother with them at all.—A. Well, it is really a small proportion of our over-all picture.

Q. I grant you that, but still it is a task and it must take up the time of some of your officials. I think you should give it to the Department of Reconstruction and Supply as soon as you can.

The VICE-CHAIRMAN: The meeting is now adjourned until Tuesday at 11 o'clock.

Mr. BLACK: What will be before us on Tuesday?

The VICE-CHAIRMAN: I would have to guess, and I hate doing so.

The WITNESS: I have a multitude of questions which require answers, and I have a brief prepared on the sale of ships.

Mr. MCGREGOR: You will let us know what you are going to talk about by 11 o'clock on Tuesday?

The VICE-CHAIRMAN: Unless there is a change in the procedure, Mr. Berry will go ahead with his answers to the questions that are still outstanding and then go on to the policy of the department on the sale of ships.

By Mr. McGregor:

Q. Which ships do you mean?—A. All ships.

—The Committee adjourned to meet again on Tuesday, June 4 at 11 o'clock a.m.

APPENDIX

STATEMENTS BY J. H. BERRY, PRESIDENT, WAR ASSETS CORPORATION, re SALE OF CROWN ASSETS

AYERST, McKENNA & HARRISON LIMITED, ST. LAURENT, P.Q., TO THE CUSTODIAN

The Crown by agreement made in November, 1943, purchased a parcel of land adjoining the Contractor's plant at St. Laurent and caused to be erected thereon a building, for the production of Penicillin by the Contractor.

The process by which this production was carried out was materially altered within a short time after the plant was completed and new production equipment was installed which very greatly reduced the time required to produce this material. Consequently the costs of production were reduced considerably and a great deal of the original equipment had to be scrapped and the costs written off.

Early in 1945 it became evident that the supply of penicillin was assured not only for use of the services but for civilian use also and it was considered advisable to dispose of the Crown owned plant. The contractor had by the terms of the agreement under which it operated the plant, the right of first refusal at the price upon which the Crown was agreeable to sell.

Treasury figures indicate that the Crown investment in this plant is:—

Cost of Land	\$ 10,000.00
Cost of Building	457,413.92
Cost of Machinery and Equipment	<u>243,267.35</u>
 Total Cost	 \$710,681.27

The building having been especially designed for the installation of equipment for the production of penicillin was not readily convertible to ordinary manufacturing processes. The field of sale was therefore materially restricted and in view of the option held by the Contractor, negotiations were entered into with Ayerst, McKenna and Harrison Limited with a view to disposal to them.

After protracted negotiations, the purchasers' first offer was progressively raised to 100 per cent of cost of land and \$190,000.00 for the building and equipment. This was considered to be fair and reasonable and the sale was closed at \$200,000.00, payable \$10,000.00 in cash and balance over a term of twenty-four months with interest at 3½ per cent.

CANADIAN PACIFIC RAILWAY ANGUS SHOPS, MONTREAL, TO THE CANADIAN PACIFIC RAILWAY COMPANY

The sale to the Canadian Pacific Railway of certain buildings and building additions situated on company owned land at the Angus Shops, Montreal, is an illustration of the policy under which such sales are made, where by virtue of certain contractual obligations the Crown is under the necessity of either selling the assets to the Custodian or clearing the structures off the land and restoring the premises to their pre war condition.

The Canadian Pacific Railway entered into a contract with the Department of Munitions and Supply under which certain war stores were produced at the Angush Shops and for this purpose the Crown provided Capital Assistance under which certain building additions, extensions, and separate structures were built.

The Contract provided that within twenty-four months after the end of the war the Crown would either remove the existing Crown structures and restore the premises, or sell to the Canadian Pacific Railway at an agreed price provided that any part of the plant additions that had not been so disposed of would become the property of the Contractor. The building additions were such that in many cases they were not of use to the Contractor in ordinary commercial work and in some cases due to their position in relation to the Contractor's buildings were detrimental.

The total Crown costs for this project were....	\$452,244.07
Expense of rearranging and installation of services written off	133,151.34

Crown cost of buildings.....	\$319,092.73
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Included in this total were buildings which the Contractor did not wish to purchase, and which the Crown might well have had to clear from the Contractor's premises under the terms of the agreement. These particular structures cost \$92,793.00.

The Company first offered \$80,000.00 for the buildings they wished to retain but after negotiations by War Assets Corporation the Company agreed to pay \$90,000.00 cash and to release the Crown from all obligations to remove the balance of the structures and to restore the premises.

CANADA STRIP MILLS, NEW TORONTO, ONTARIO,
TO THE
ANACONDA AMERICAN BRASS CO. LTD.

The Crown purchased land from the Anaconda American Brass Co. Ltd., at New Toronto, and caused to be erected thereon certain buildings with certain equipment installed therein. The Plant was operated on war work by Canada Strip Mill Limited, a subsidiary of Anaconda.

The cost of the Crown were as follows:

Buildings including 5 Cranes.....	\$ 836,802.71
Engineering Services.....	47,475.89
Ground Improvement.....	40,062.23
Equipment	84,406.31
Land	13,300.00

Total.....	\$1,022,047.14
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Anaconda had an option to purchase this plant as custodian under which it had the right of first refusal at a price to be established by the Crown.

Certain items included in the total costs shown above were not considered as part of the buildings. These were eliminated as not having any recovery value in the event of sale of the buildings, as follows:

Engineering Fees re Machinery and Equipment	\$ 50,802.07
Machine Foundations	53,914.20
Power Wiring	33,593.05

Total	\$138,309.32
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Certain special war features of no commercial value were also eliminated as follows:

Service Building	\$15,488.62
60% of Office Bldg. (\$43,036.68)	25,822.01
Cat Walk in Casting Shop	3,620.00
Furnace Lining Room, Ventilating system office and Womens Wash and Locker Room	5,746.10

Total	\$50,676.73
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Costs were also eliminated due to;

Swamp conditions, excavation, fill, temporary roads and pumping	\$42,115.00
Winter conditions, Heating and protecting concrete	7,598.00

Total	\$49,713.00
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Excess War Costs were also allowed for to the following extent:

1941 Construction @ 18%	\$103,735.21
1942 Construction @ 26%	11,417.48
1943 Construction @ 30%	220.00

Total	\$115,372.69
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The net Crown costs remaining on which recovery was based amounted to \$667,975.40.

After lengthy negotiations an agreement was arrived at with the Anaconda American Brass Co. Ltd. by which that Company purchased the Canada Strip Mills plant for \$455,000.00 payable in cash on conveyance of title.

CENTRAL AIRCRAFT LTD., CRUMLIN, ONTARIO, TO SOMMERVILLE LTD.,
LONDON, ONTARIO.

The Crown built an overhaul and repair aircraft plant at Crumlin, Ontario, which was operated by Central Aircraft Limited. The main building was of a specialized type with very high roof. In addition to the main building there were several subsidiary buildings. There was 53 acres of land; conveyed to the Crown by the City of London for \$1.00.

The total cost of the plant was \$1,594,408.96. Included in this figure were the following items:

Miscellaneous Expenditure for Roadways, Drainage	\$ 62,863 00
New Building for Garage, Employment and Security Office	10,180 00
Three Guard Houses	761 52
Breakdown Hangar	85,000 00
Fabric Room and Ventilation Changes	27,500 00
Changes to Offices and Cafeteria	15,000 00
Paving and Taxiways	12,000 00
Taxiway to R.C.A.F. Station	116,500 00

Total	\$329,804 52
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These costs represented items of practically no value to a commercial purchaser.

The main building due to its high roof and great area of glass not of a type well suited to commercial use. The power house and pumping service

were separated from the main building and entailed heavy costs for installation of heating and water services. The other buildings due to their location, separated from the main building, had also increased the cost of the whole plant.

The property was advertised for sale by War Assets Corporation and three offers to purchase were received. The offer of Sommerville Limited of \$450,000.00 was the highest received.

After consideration the Department of Reconstruction and Supply recommended the sale to Sommerville Limited as being most in the public interest and a sale was made of all the lands and buildings to Sommerville Limited for \$450,000.00.

DOMINION ENGINEERING WORKS, LACHINE, QUEBEC, TO THE CUSTODIAN

The Crown had caused to be erected on land owned by the Contractor, an extension to the Contractor's building, including several cranes and hoists at a cost of \$134,234.06.

As part of a negotiated sale which included this building extension together with Crown-owned machine tools and equipment in the custody of the purchaser, the building extension was sold to the Contractor for \$64,975.00.

The cost of the building was made up as follows:—

Construction	\$ 76,031.96
Crane and Hoists	32,910.00
Services	13,938.74
Installation costs and cost of removal of old buildings	11,353.36
	<hr/>
	\$ 134,234.06

The sale price was arrived at by charging approximately 65 per cent of costs of construction, 35 per cent of costs of cranes and hoists and 25 per cent of costs of services. There was no recovery on installation costs and old building removal costs.

DOMINION MAGNESIUM LIMITED, HALEY'S CORNERS, ONTARIO, TO THE CUSTODIAN

By agreement between the Crown and Dominion Magnesium Limited made in October 1942, the Contractor constructed for the Crown, a plant at Haley's Corners for the production of magnesium. The Contractor operated the plant on behalf of the Crown. The plant cost the Crown \$3,461,860.73.

After negotiations, a sale was made to the Custodian for a price of \$1,400,000.00, payable \$100,000.00 in cash and the balance at the rate of 1c per pound of magnesium sold, at the rate of \$50,000.00 minimum in any one year with interest at the rate of 3¼ per cent. The purchaser undertook to sell for the Crown, the finished products on hand as at May 1, 1945, together with certain other commitments in regard to operation of the plant and to spend \$500,000.00 within two years after the end of the war to provide improvements and additional equipment at the plant.

FROST AND WOOD COMPANY LIMITED TO THE CORPORATION OF THE TOWN OF SMITHS FALLS

Under an agreement between the Crown and the Frost and Wood Company Limited a building was erected on land owned by the Municipality of Smiths Falls, the said building to be used by the Contractor for the production of War stores.

As a condition of the agreement the Contractor had to secure a lease of the land from the Municipality and sublet the lease to the Crown.

It was a condition of the lease that the Municipality of Smiths Falls had no right, title or interest in the Crown property thereon, and that the Crown had the right to remove its property within one year after the end of the war.

The Crown costs were as follows:—

Building Construction.....	\$21,721 79
Miscellaneous Costs additional.....	6,631 25
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Total Building Costs.....	\$28,353 04
Electrical Equipment	
Installed therein.....	10,058 42
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Total Crown Costs.....	\$38,411 46

The Corporation of the Town of Smiths Falls was desirous of retaining the building and equipment and offered to purchase for \$10,000.00.

It was considered in the public interest that the Corporation of the Town of Smiths Falls should be given an opportunity to purchase these Crown Assets with a view to having them used for industrial purposes only.

A sale to the Town at a price of \$12,000.00 cash was finally agreed to on condition that these Crown Assets should be used for industrial purposes only.

FERRANTI ELECTRIC LIMITED TO THE CUSTODIAN

Under an agreement with the Contractor, the Crown caused certain buildings and additions thereto to be erected on lands belonging to the contractor and the Crown agreed to remove same from the said lands in the event of the contractor not purchasing them within a specified term after the termination of the war.

The Crown cost of the building was.....	\$149,410 52
Cost of alterations after erection, which were included but should have been charged to Production costs.....	6,860 91
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Crown's net cost.....	\$142,549 61
Cost of Cafeteria Equipment in- cluded with building.....	16,533 42
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Total.....	\$159,083 03

Negotiations were entered into with the Custodian for the sale of these Crown Assets and in consideration of the Contractor representing that increased production and employment would result from their acquisition, the sale was made at \$78,000.00 cash.

THE HAYES STEEL PRODUCTS LIMITED, MERRITTON, ONTARIO, TO THE CUSTODIAN

For the purpose of war production the Crown caused to be erected certain buildings and/or building additions on lands owned by the Hayes Steel Products Limited at Merritton, Ontario. The Crown cost of these assets was \$223,243.55.

The buildings and certain Crown-owned equipment therein was leased to the Contractor and used in the production of war stores.

The Contractor opened negotiations by offering to purchase all Crown-owned assets subject to certain conditions of continued use during the war.

After long continued negotiations a sale was made to the Custodian at a price of \$76,276.74.

If these buildings had not been sold to the Custodian they must have either been demolished at the termination of the lease or abandoned by the Crown.

BUILDINGS NOS. 20 AND 27 AT JOHN INGLIS CO. LTD., TORONTO TO THE ADDISON INDUSTRIES LTD.

As previously stated, the sale of York Arsenals, to Addison Industries Limited having been cancelled, this firm was in very urgent need of industrial space in which to carry on their expanded program of production of radios and other electrical equipment.

Very strong representations were made on Addisons behalf with a view to their being given a chance to buy the Colt Building at John Inglis Co. Limited, Toronto. A deputation from Toronto headed by the Mayor of that City came to Ottawa on their behalf, and it was strongly represented that failure to sell them this building would result in the loss of employment by a large number of persons presently employed by Addison Industries. It was further pointed out that due to Addison having to vacate their presently occupied premises, they would have to discontinue manufacturing operations unless a suitable building were available.

Addison Industries did not agree that the Colt Building was altogether suitable to their program but in the absence of any other available space they were prepared to purchase at a price comparable to that which they had agreed to pay for York Arsenals.

For the purpose of war production these two buildings had been erected by the Crown at John Inglis plant, Toronto on land formerly owned by the Canadian National Railways and located across the railway right-of-way from the original John Inglis property. For the purpose of John Inglis a right-of-way was secured over the Canadian National Railways but this right-of-way existed only for the duration of war production.

The cost of buildings to the Crown was \$1,767,992.32.

Negotiations with Addison Industries resulted in the Colt Building and the Maintenance Building being sold to them for \$510,000.00.

The terms of payment were \$127,500.00 cash and the balance in twelve equal annual instalments of \$31,875.00 with interest on the unpaid balance at $3\frac{1}{4}$ per cent per annum. The Maintenance Building was to remain in Crown use without payment for one year.

The sale was with the approval of the Department of Reconstruction and Supply as being in the interest of the public.

The following conditions were considered when the selling price was agreed upon.

The purchaser was to expand his line of products and to plan on expanding Canadian exports of radios and other mechanical and electrical devices, consequently providing greatly increased employment in his operation.

The buildings were in many respects poorly suited to separate industrial use for the following reasons:—

There was no means of entrance to the Maintenance Building except over the land belonging to the Colt Building.

The buildings had been built (as was the case with all Crown-owned buildings at this location) without consideration of their possible peacetime use. The Colt Building was wrongly oriented in respect to the municipal street from which it had to be approached by the public in peacetime use. Its office accommodation was at the back of the building in respect to its street frontage and to secure entrance to its administrative office the public must pass over approximately one thousand feet of laneway from its street entrance.

The public street on which the Colt Building was situated was a dead-end street badly approached from the main city thoroughfares. It has poor water and sewer services and was not paved on the Colt Building frontage. The water and sewer services for the Colt Building were tied into those serving the John Inglis Plant from the opposite side of that property.

There was very little unencumbered land with the buildings which could be used by the purchaser for shipping and storage purposes or for parking of employees motor cars. Due to the existing land being bounded on two sides by railway property and on the other side by public thoroughfare there was little opportunity for the acquisition of any additional land.

The area of the buildings covered approximately 78 per cent of the land area.

The only entrance to the property from the public street was over a single lane 34 feet wide of which 16 feet is a right-of-way common to the tenants of the adjoining buildings. On this narrow land is situated the only railway siding service to the Colt Building and this also is in common use with the tenants referred to above.

BUILDINGS NOS. 19 AND 22—JOHN INGLIS CO. LTD., TORONTO, TO THE CUSTODIAN

For the purpose of war production several buildings were erected by the Crown at John Inglis plant, Toronto.

Two of these buildings (known as Boys' Building No. 22 and Bren Annex No. 19) were constructed on land adjacent to the Contractors' own plant and the services for these two buildings were integral with those of the Contractors' buildings.

The total cost of these Crown owned buildings was:—

Boys' Building No. 22	\$ 623,511.11
Bren Annex Building No. 19	149,267.57
Land	21,650.00
Total Costs	\$ 794,428.68

Due to the conditions under which these buildings were constructed, and several unusual features required for war production which entailed costs not properly applicable to commercial use and other costs for installations peculiar to use for war purposes, the Crown cost of property useful to the custodian for peacetime production was arrived at by deducting the following costs from the overall cost:—

Special installations, special electrical installations, unusual costs for site preparation, overtime work, and proportion of Architects fees pertaining thereto	\$ 270,395.96
Allowance for additional costs of construction in 1941	64,895.72
Installation costs and costs of removals and replacements	18,261.00
	\$ 353,552.68

The Custodian made an offer for the purchase of these two buildings and certain equipment and machinery therein. In view of the increased employment which would result from the manufacture by the Custodian with the facilities of these two buildings of new lines of Canadian products, and in view of the difficulty facing any organization other than the Custodian to make effective use of these facilities due to their position in respect to the Custodian's own plant, a sale was made to John Inglis Co. Limited of these two buildings and the land for the sum of \$359,678.13.

INTERNATIONAL IRON AND METAL CO., HAMILTON, ONTARIO, TO THE CUSTODIAN

By agreement with this Contractor, the Crown provided funds for the erection of a building for the purpose of erection therein, of a hydraulic Press.

The Contractor held the land by lease from the Canadian National Railway. He wished to purchase the Crown-owned equipment contained in the building and was required to purchase the building also at 50 per cent of its cost to the Crown, which was \$6,628.01.

MARITIME STEEL AND FOUNDRIES LIMITED, NEW GLASGOW, N.S. TO CUSTODIAN

There had been constructed by the Crown on land belonging to the Contractor, two building additions at a total cost of \$64,229.00.

The Crown under the conditions of the contract could either buy the land or remove the buildings within five years from end of war.

The contractor offered to purchase the building additions for 20 per cent of the cost or \$12,835.86.

After consideration it was concluded, in view of contract terms, proximity to contractor's own plant and common services; that it was advisable to sell at the price offered, particularly as removal would net at the most not over 10 per cent of original cost and the sale to the contractor would result in increased employment facilities in the vicinity.

The sale was accordingly made to the custodian for \$12,835.86.

MACDONALD BROTHERS, ROBINSON ST., WINNIPEG, MAN., TO CUSTODIAN

The Crown owned certain building additions erected on lands adjoining the contractor's original plant.

The side walls of the Contractor's building had been torn down and the Crown-owned buildings had been attached to the steel structure of the contractor's building.

The contractor maintained that to restore the buildings as they were would entail costs of approximately \$30,000.00. They also claimed that if the Crown-owned buildings were bought by them overhead and taxes would be excessive in proportion to their commercial operations.

Negotiations were entered into and an initial offer of the Contractor of \$10,000.00 was finally raised to \$25,000.00 at which price the buildings were sold. Crown cost of buildings sold was \$126,899.36.

MOLYBDENUM CORPORATION, LA CORNE, P. Q., TO THE CUSTODIAN

By an agreement made in June 1942 the Crown acquired certain rights to develop, mine, and remove minerals from the lands in the Province of Quebec, in which the Molybdenum Corporation of Canada Limited held the mining concessions.

The Crown had during the term of the agreement constructed buildings on the Corporation's lands and had installed machinery and equipment therein at a total cost of \$443,068.35.

The agreement with the corporation gave an option to the said corporation to purchase all Crown assets thereon at any time within six months of the termination of the agreement at a price to be set by the Crown.

Failure of the Corporation to purchase the Crown assets left the Crown the alternative of removing same from the premises.

Early in 1945 negotiations were started with a view to selling the Crown assets to the Corporation. It was considered to be in the public interest to have the Corporation continue the operation of the property. In order to do this it was necessary for the Corporation to purchase the Crown assets at a cost which would allow the sale of molybdenum on a commercial basis.

It was considered that the maximum amount the Corporation could pay on this basis was \$75,000.00 and a sale was consequently made at this price. Payment was \$25,000.00 cash and balance in five equal annual instalments with interest at $3\frac{1}{4}$ per cent.

NAUGATUCK CHEMICALS, ELMIRA, ONTARIO, TO THE DOMINION RUBBER COMPANY LIMITED, ELMIRA, ONTARIO

This plant was constructed on land formerly owned by Naugatuck Chemicals Limited, a subsidiary of Dominion Rubber Company Limited. The Company agreed to convey the land to the Crown for \$1.00 subject to the Company's right of first refusal for the whole plant. In the event of a sale to a third party, the building and equipment would be removed and the land re-conveyed to the Company for the sum of \$1.00.

The right and obligations of Naugatuck Chemicals under the said agreement were conveyed to and assumed by the Dominion Rubber Company Limited with the consent of the Crown.

The Land Cost.....	\$	1 00
The Building Costs were		45,058 02
The Balance of costs for Equipment brought . .		
total cost to		170,000 00

This is a single purpose plant and as equipped, could produce diphenylamine for which the only commercial use is as a component of synthetic rubber.

Negotiations were conducted with the Dominion Rubber Company Limited as a result of which a sale was made, the Company agreeing to pay \$60,000.00 cash plus $2\frac{1}{2}$ c per pound royalty for every pound of B.L.E. a rubber anti-oxidant, sold to Polymer Corporation at Sarnia, Ontario, beginning December 1, 1945 and ending December 31, 1946, but not exceeding one million (1,000,000) pounds in all. It is understood that this royalty of $2\frac{1}{2}$ c per pound is contingent upon the present price being maintained to "Polymer".

Under the royalty agreement a possible maximum payment will amount to \$25,000.00, bringing payment for plant up to \$85,000.00 or 50 per cent of the original cost.

Recently it has been determined that some difference of opinion exists between the Crown and the purchaser as to the interpretation of clauses covering the royalty payment. As a result, further negotiations to arrive at a satisfactory solution are in progress.

RESEARCH ENTERPRISES LIMITED, LEASIDE, ONTARIO, TO THE CORNING GLASS WORKS LIMITED

The Crown owned land and several buildings at Leaside, Ontario, were used by Research Enterprises Limited for the production of secret war stores of optical and electronic nature.

Early in 1945 Corning Glass Works, a Corporation existing under the laws of New York State, entered into negotiations for the purchase of part of the Research Enterprises plant known as Building No. 14, or Assembly Building, situated on the North side of Parkhurst Boulevard.

It was represented that the Corporation which had been engaged in the manufacture of glass in the United States since 1868 was presently selling its United States manufactured product consisting in part of Pyrex Brand ovenware, in Canada. It was proposed to establish in Canada a wholly owned subsidiary Canadian Corporation to manufacture for the Canadian Market. At first the products would be confined to baking ware but later it was hoped to manufacture Technical Glassware in Canada.

In order to establish this new Canadian production, it was proposed to gain time by purchasing one of the Research Enterprise Buildings.

The Crown cost of the lands and buildings was \$522,000.00.

Corning made an offer to purchase Building No. 14 together with land ancillary thereto. In making this offer Corning undertook to proceed with plans which would require the expenditure of approximately \$621,000.00 in alterations to the building and in permanent, not easily removed installations, and for machinery and equipment. Of this amount, \$316,000.00 was to be spent on the building and installations. Of the balance of \$305,000.00 for machinery and equipment, approximately \$90,000.00 was to be spent in Canada for labour cost for machining of molds.

After protracted negotiations a sale was made to Corning Glass Works of Canada Limited. The price was nearly 100 per cent greater than Corning first offered and the agreements of sale bound Corning to enter into agreements with possible purchasers of other Crown-owned buildings adjacent to Building No. 14, for supply of steam at cost for a term of years.

The sale price of \$150,000.00 was agreed to after consideration of the benefit arising from the establishment of a new Canadian industry, the consequent expansion of employment and the overall cost of adopting and equipping the factory.

ST. CATHARINES STEEL PRODUCTS, ST. CATHARINES, ONT., TO THE CANADIAN COMSTOCK CO. LTD.

The Crown expropriated 7.84 acres of land at a cost of \$7,400.00 and certain buildings thereon at a cost of \$125,000.00 from Messrs. Lord and Burnham in the City of St. Catharines.

Subsequently certain building additions and services were installed at a further cost of \$323,540.17.

The total cost of the plant was \$455,940.17.

The plant was operated under lease for war purposes by the St. Catharines Steel Products Limited. This Company waived its right to purchase these Crown assets and surrendered their lease on October 1st, 1945.

The Canadian Comstock Company Limited being in need of manufacturing facilities for the production of a new type of low cost housing utilities unit with a probable employment of from 600 to 800 people made an offer for this plant, including certain items of equipment.

After some negotiation, the land and buildings were sold to Canadian Comstock Co. Ltd. for \$110,000.00.

The Department of Reconstruction was of the opinion that this sale was in the public interest for the following reasons:—

1. It introduced a new industry to Canada providing additional employment.
2. It entailed the expenditure by the purchase of about \$75,000.00 for conversion of the plant for use in manufacture of the purchasers product thus providing immediate employment.

SHAWINIGAN CHEMICALS LIMITED, SHAWINIGAN FALLS, QUE., TO THE CUSTODIAN

The Crown was the owner of certain plants or projects which had been operated by the purchaser, situated on the lands of the purchaser at Shawinigan Falls, Que., or on lands acquired by the Crown from the purchaser.

The Crown was by agreement with the United States Defence Supplies Corporation and with the United States Commercial Company obliged to repay to the said Corporation and Company, certain proceeds of the sale of two of

the said projects, in consideration of the cost of one project having been paid by United States Defence Supplies Corporation and by certain considerations of the contract with the United States Commercial Company.

The projects disposed of to the Purchaser were:

Project 49—No. 7 Carbide Furnace etc.....	\$3,225,250 06
“ 41—Butanol Plant.....	566,403 81
“ 23—Monoethylaniline Plant.....	248,338 87
“ 58 & 58A Acetylene Plant.....	77,065 10

Total Costs..... \$4,117,057 84

The sale was made at a price of \$1,250,000.00 of which the United States Defence Supplies Corporation received \$700,000.00 and the United States Commercial Company, a substantial part of \$75,000.00.

It is to be noted that the Crown recovered \$475,000.00 for projects 41 and 23, the costs of which were \$814,742.68.

This sale was an involved one as it covered several different interests.

As a result of the sale the purchaser is enabled to increase production and thereby afford additional employment.

STEEL COMPANY OF CANADA, LIMITED, HAMILTON, ONTARIO, TO CUSTODIAN

This building erected on Company land at Hamilton was a single purpose building which as an integral part contained electric steel making furnaces which were not capable of being easily separated from the building structure.

For such special equipment the number of prospective buyers is very limited. It was considered advisable to sell to the Steel Company of Canada in view of the large proportion of immovables and of its presently existing and necessary complementary steel plant facilities and services.

The cost of the buildings in this case can not be divorced from the total cost of the complete plant which amounted to \$850,523.62.

After careful investigation by economic research officials of the Department of Reconstruction the sale to Steel Company of Canada was put through by War Assets Corporation at a price of \$250,000.00 cash.

THE TRUSCAN STEEL CO. OF CANADA LTD., WALKERVILLE, ONT., TO CUSTODIAN

A Crown-owned building was erected upon lands owned by the Company at Walkerville, Ontario. The Crown was obligated to purchase the land or remove the building, the cost of which was \$34,496.83.

A valuation was secured which indicated that removal of the building would necessitate the erection of a wall to save the attached building which was owned by the Company. It was estimated that the salvage obtained would equal the cost of removal but would not provide the necessary construction.

The Company offered \$3,400.00 for the Crown-owned building and a sale was made at that figure.

YORK ARSENALS BUILDING, TORONTO, ONTARIO, TO THE DOMINION STORES LIMITED

This building of modern industrial type was erected by the Crown on lands purchased for that purpose and used for war production.

The cost to the Crown was \$1,304,240.87.

As there was considerable public demand for this building for industrial use it was advertised for sale by War Assets Corporation in latter part of 1945.

Offers to purchase were received from:—

Dominion Stores Limited,
Toronto Factory Properties Ltd.,
Addison Industries Ltd.,
Canadian Pad & Paper Co. Ltd.,
J. E. Montgomery Equipment.

These offers were given consideration by the Industrial Reconversion Branch of the Department of Reconstruction and Supply, and on their recommendation Addison Industries were chosen as the purchaser, but later, this decision was changed and it was arranged that Dominion Stores Limited should get the property at a higher price.

Dominion Stores Limited were enabled, as a result, to set up several new divisions including manufacturing of fixtures for store premises and processing and packaging food stuffs, thereby increasing employment.

The sale was made to Dominion Stores for \$600,000.00

ORDNANCE BUILDING AT OTIS FENSOM PLANT, HAMILTON, ONTARIO,
TO THE STUDEBAKER CORPORATION

The Otis Fensom Elevator Co. Ltd. had conveyed to the Crown for \$1.00 certain land on which the Crown erected a building known as the Ordnance Building at a cost of \$1,608,685.00. Of this amount \$344,564.00 was for items necessary for the operation of the plant but not part of the building leaving the net Crown cost of the building as \$1,264,121.00.

The Agreement gave Otis Fensom right of first refusal and in the event of a sale to a third party, the Crown was obliged to pay Otis Fensom the full value of the land and to restore the original Otis Fensom plant to which the Crown had made certain alterations.

In October, 1945, War Assets Corporation advertised this building for sale but only one offer was received which was not considered sufficient and the property was not sold.

Studebaker Corporation later offered \$500,000.00 for the Ordnance Building together with 4.7 acres of land belonging to Otis Fensom to the east of the building and agreed to assume certain obligations of the Crown to Otis Fensom, and Otis Fensom agreed to sell the land under the Ordnance Building i.e. 7.3 acres and the above mentioned 4.7 acres and to release the Crown from certain obligations in respect to its original plant for the sum of \$144,000.00.

The land involved, i.e. 12 acres, should not be considered as being purchased for \$12,000.00 per acre from Otis Fensom as Otis Fensom have released the Crown of obligations the value of which is estimated at more than \$75,000.00 by independent valuers called in by War Assets Corporation to estimate the value of the lands and the costs of the restoration and removal in accordance with the Crown's obligations to Otis Fensom.

The details of this sale are more particularly set out in P.C. 966, copy of which is attached hereto.

P.C. 966

Certified to be a true copy of a Minute of a Meeting of the Committee Privy Council

of the Privy Council, approved by His Excellency the Administrator on the 19th March, 1946.

Canada

The Committee of the Privy Council have had before them a report dated 15th March, 1946, from the Acting Minister of Reconstruction and Supply, representing:

That, pursuant to Order in Council P.C. 2696 of 22nd April, 1941, Otis-Fensom Elevator Company Limited (hereinafter referred to as "Otis-Fensom") for the purpose of manufacturing Bofors ordnance and equipment was authorized to and did construct and equip a new plant at Hamilton, Ontario, on lands which were conveyed to the Crown by Otis-Fensom for the sum of \$1.00 subject to the right to Otis-Fensom to have first refusal in the event of the sale of the new plant and to be reimbursed the value of the lands in the event of the sale thereof to a third party, and Otis-Fensom was further authorized to and did make, on lands belonging to Otis-Fensom, additions and alterations to existing buildings and installations subject to an obligation by the Crown to remove such additions when no longer required and to restore to its normal use the portion of Otis-Fensom's plant used for the manufacture of Bofors;

That the new plant and additions aforesaid are surplus to the requirements of the Crown;

That the Studebaker Corporation of Canada Limited (hereinafter referred to as "Studebaker") has offered to purchase the said new plant together with certain adjoining lands belonging to Otis-Fensom and, subject to approval of Your Excellency in Council, War Assets Corporation has negotiated and proposes to enter into agreements with Otis-Fensom and with Studebaker to the following effect;

1. (a) Otis-Fensom will release to the Crown all its right, title and interest in and to the lands (approximately 7.3 acres) conveyed to the Crown as above mentioned and on which the new plant is situated except a 25-foot right-of-way immediately to the West of the new plant, which right-of-way will be reconveyed to Otis-Fensom;

(b) Otis-Fensom will convey to Studebaker certain lands of approximately 4.7 acres to the East of the new plant and in addition the land approximately 85' by 25' on which a structure connecting No. 2 building of Otis-Fensom with the new plant was constructed and a strip of land approximately 1' 4½" wide along the west side of the new plant;

(c) Otis-Fensom will release its right to have offers for sale submitted to it and the right to have the structure mentioned in (b) above removed and will also release the Crown from the obligation of removing the following additions to buildings and installations, namely,—

(i) The tunnel from the boiler house through lands of Otis-Fensom to the new plant;

(ii) The boilers and coal handling equipment installed on Otis-Fensom's lands;

(iii) The Heat Treat Building on Otis-Fensom's lands;

(iv) The toilet facilities and elevator installed in No. 2 building of Otis-Fensom, and the Crown will release to Otis-Fensom all the Crown's right, title and interest in and to the items mentioned in (i) to (iv) inclusive;

(d) Otis-Fensom will also release the Crown from the obligation above mentioned to restore the Otis-Fensom plant to its normal use except the restoration of the hollow metal department in its No. 2 building;

(e) Certain other obligations with regard to the removal, maintenance or construction of water mains, transformers, generators, switch gear, heating and walls, the closing of tunnels and doorways and other matters which would otherwise devolve upon the Crown will be passed to and assumed by Studebaker;

(f) The Crown will pay Otis-Fensom \$144,000.00 in respect of the conveyances of lands, releases and other undertakings by Otis-Fensom as aforesaid.

2. Studebaker will purchase the lands mentioned in (a) and (b) above including all buildings thereon and will also purchase the transformers, generators

and switch gear and take over the obligations referred to in (e) above and will pay to the Crown the sum of \$500,000.00, \$125,000.00 down and the balance on closing.

War Assets Corporation considers that the terms of the said agreements are fair and reasonable and in the public interest.

The Committee, therefore, on the recommendation of the Acting Minister of Reconstruction and Supply, advise that Your Excellency may be pleased to authorize the Minister of Reconstruction and Supply to enter into agreements with Otis-Fensom and Studebaker containing terms not inconsistent with the foregoing and that Letters Patent necessary to give effect to the foregoing be issued accordingly conveying to Studebaker or Otis-Fensom as the case may be all the Crown's right, title and interest in and to the lands as aforesaid.

A. D. P. HEENEY,

Clerk of the Privy Council.



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